COMMERCE MAGAZINE

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Let's Save Five Billion Dollars . . .

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STATISTICS OF

CHICAGO BUSINES

	November, 1950	October, 1950	Novemb 19
Building permits	664	773	7
Cost	$15,680,900	$36,054,400	$13,442,2
Contracts awarded on building projects,			
Cook Co.	1,970	1,505	1,2
Cost	$33,849,000	$42,338,000	$25,267,0
(F. W. Dodge Corp.)			
Real estate transfers	6,718	7,713	6,0
Consideration	$8,067,827	$7,739,093	$9,994,5
Department store sales index	292.4*	236.2	27
(Federal Reserve Board)			
(Daily average 1935-39=100)			
Bank Clearings	$3,659,203,696	$3,807,809,876	$2,950,388,4
Bank debits to individual accounts:			
7th Federal Reserve District	$18,402,000,000	$18,776,208,000	$14,568,000,0
Chicago only	$9,146,312,000	$9,359,733,000	$7,517,628,0
(Federal Reserve Board)			
Midwest Stock Exchange transactions:			
Number of shares traded	1,590,000	2,025,000	682,0
Market value of shares traded	$42,039,949	$53,399,249	$19,853,1
Railway express shipments,			
Chicago area	1,087,232	1,070,725	1,265,3
Air express shipments, Chicago area	64,113	60,798	53,9
L.C.L. merchandise cars	22,158	23,794	22,0
Electric power production, kwh.	1,185,067,000	1,153,696,000	1,016,791,0
Industrial gas sales, therms	10,237,567	10,241,347	8,200,4
Revenue passengers carried by Chicago Transit Authority Lines:			
Surface division	52,131,749	54,381,066	55,680,4
Rapid transit division	12,680,397	12,657,009	12,717,2
Postal receipts	$11,638,587	$10,067,191	$10,996,0
Air passengers:			
Arrivals	140,692	174,462	109,4
Departures	148,082	183,799	114,3
Consumers' Price Index (1935-39=100)	180.6	180.4	175
Livestock slaughtered under federal inspection	660,372	567,868	663,7
Families on relief rolls:			
Cook County	26,524	27,067	29,4
Other Illinois counties	17,578	17,140	21,5

*Preliminary figure.

FEBRUARY, 1951, TAX CALENDAR

Date Due	Tax	Returnable to
15	If total O.A.B. taxes (employer and employe) plus income tax withheld in previous months exceeds $100, pay amount to	Authorized Deposita
15	Illinois Retailers' Occupation Tax return and payment for month of January	Director of Revenue
15	Annual Federal Information returns. This is calendar year 1950 report—not fiscal. (Forms 1096 and 1099.) 1099 not required on wages reported on Form W-2 (Rev.)	Commissioner of I ternal Revenue, c/ Processing Div., Pra & Whitney Plant, Ka sas City, Missouri.
28	Last day for filing of annual Franchise Tax Report without penalty by domestic and foreign corporations. Based on end of fiscal year on or preceding December 31, 1950.	Secretary of State
28	Federal Excise Tax return and payment due for January, 1951.	Collector of Intern Revenue

COMMERCE
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REGULAR FEATURES ☆

Alan Sturdy, Editor

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MEMBER AUDIT BUREAU OF CIRCULATIONS

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In This Issue . . .

American business, reports COMMERCE Washington correspondent Jack Robins, is entering a new phase of mobilization this first month of the new year. A selective controlled materials plan, similar in many respects to the familiar "CMP" of World War II, has begun channeling steel to crucial war production programs, and before long business can look for more vital materials to come under government control. Mr. Robins, in his article beginning on page 13, explains how this materials control program was developed and how it will affect business in the months ahead.

There has been a good deal of discussion in recent years regarding the "deterioration" of big cities and the growth of their satellite communities. How about Chicago? Is it losing its industrial vigor to surrounding communities? Leverett Lyon, chief executive officer of the Chicago Association of Commerce and Industry, provides some illuminating answers to this question in an article beginning on page 15. He explains first how Chicago grew to industrial prominence; then, with a host of supporting statistics, goes on to prove that — far from deteriorating — the city is actually growing faster industrially than its suburbs. "It is the city itself," Mr. Lyon concludes upon the basis of extensive evidence, "which is still the vital economic heart of the area."

"How much steel can we get this year?" is a question many manufacturers are asking. E. F. Ross, Chicago editor of STEEL magazine, provides an authoritative appraisal of the 1951 steel outlook in an article beginning on page 23. It is difficult, of course, to predict how every industry will fare under the accelerated war production program, but Mr. Ross offers the best available answers to industry's complex steel supply problem.

Betty Savesky reports (p. 21) on progress made toward the elimination of Washington waste as the result of the Hoover Commission program for government reorganization.

Success Story

Businessmen Are Impressed when told of the Growth and Accomplishments of Chicago's Unique Lake Front College

In 1945, Roosevelt College was founded on the principle that a good education should be available to all who qualify. Since that time Roosevelt has grown at a phenomenal rate.

Physical assets have risen from $10 to $1,750,000. Enrollment has jumped from 1,200 in 1945 to over 5,500 in 1950. The faculty increased from 84 to over 280 members. And the number of classes climbed from 242 to nearly 650.

These accomplishments should be of vital interest to all businessmen. For as education becomes more and more important in our way of life, the role Roosevelt College plays in this community takes on new values.

It is very probable that some of your own employees are now taking courses at Roosevelt. Our "round-the-clock" schedule permits students to work and acquire college training with maximum convenience. So write us today for complete information.

Spring Classes Begin Feb. 5th—Applications Are Now Being Taken

ROOSEVELT COLLEGE

FACTS about Roosevelt College that You Should Know . . .

- In 1950 approximately 100 Chicago business executives have served as guest lecturers and instructors at Roosevelt College
- To duplicate at public expense the cost of Roosevelt's educational services would cost the taxpayers approximately $1,300,000 per year
- Roosevelt College graduates the largest number of critically needed certified nursery and kindergarten teachers in the state of Illinois
- More than 1,000 employers contact the Placement Office of Roosevelt each year in search of graduates, full-time and part-time workers
- At the request of the U. S. Government, Roosevelt is training European management teams and labor teams from the free, non-communist Trade Unions of Europe

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The Editor's Page

A Letter To Your ESA

OPINION appears to be unanimous that the new pricing standards are so complex and yet unprecise that they are best described as chaotic. Admittedly they were conceived in great haste by a staff which was both too small and poorly prepared for such a vast job.

Because of the multitude of defects in the standards the assumption is gaining currency that a more practical substitute will soon be worked out. The common assumption is that any substitute would freeze prices directly, rather than basing price ceilings on past profit records.

These guesses may be comforting to businessmen trying to fathom the new standards. But they may also be dangerously misleading. First, the idea that the present method is unworkable and soon will be replaced may tend to promote laxity in compliance. This could have extremely serious consequences because the pricing standards, although advertised as voluntary, contain the threat of subsequent mandatory and unpleasant regulation. Second, such thinking might actually defer the establishment of a workable price control plan.

The best solution for the muddle seems to be an all-out attempt at compliance by business, combined with a letter writing campaign to the Economic Stabilization Administration — Washington 25, D. C. As unanswerable questions pile up, the deficiencies of the present program will be made painfully clear to the price stabilizers. Furthermore, they will receive a liberal education in the practical facts of what is and is not available in the average business in the way of exact cost information. This alone would be worth the time, effort, and postage.

Directives Don't Create Supplies

REPORTS are being heard that the NPA is now employing directives to take precedence over DO orders.

If this is the case, and there is no reason to doubt that it is, the DO system is on its way to the same kind of disintegration which overtook priorities early in World War II. As directives come into use they will constitute a new top band of priority ratings just as the AA ratings of World War II were a superior band over the A ratings, and triple A ratings were over the double A's. Most businessmen will remember that by the time the triple A priority stage was reached, lesser priorities amounted to no more than a hunting license for scarce materials and components.

We learned by hard experience in World War II that the basic fault lay in issuing priorities for more materials than were being produced. The situation finally was cured by establishing a materials allocation program which started with a realistic appraisal of supplies and then matched them against claims in such a way that the needed items were produced. Much of what was not required for war did not get produced, of course.

The same solution will become inevitable in the present situation if one all-embracing class of priority or DO order does not prove adequate to get out on schedule the production necessary to national defense.

FHA — Igloo Division

IT DID our benevolent old heart good to learn (via government press release HHFA-OA-No. 123) that Eskimo families in remote sections of Alaska are now benefiting from Washington's latest home-loan program. Under what Washington calls the "Remote Dwelling Program," and what the Eskimos probably know familiarly as "R.D.P.", the government now will loan an Eskimo up to $500 for home construction or improvement. The Eskimo doesn't get the cash. Instead, the government housing experts use the money to buy materials for him to build a 14 by 17-foot dwelling, complete with one-inch siding and corrugated (and also critically short) aluminum roofing.

Washington reports, officially, that the Remote Dwelling Program is working out swell. "Many Eskimo families," says the press release, "are living for the first time in warm and sanitary homes." And, although nothing specifically is said on the subject, presumably the Eskimos don't mind a little government red tape, so long as their dwellings are improved.

Well, we're all for the Remote Dwelling Program for we've been Eskimo fans ever since we began eating their ice cream bars as youngsters. Furthermore, we can't help thinking there may be even greater possibilities for good in "R.D.P." A government housing program in the far reaches of Alaska will doubtless require a good many government experts right there on the scene, grinding out 10-copy forms and seeing to it that government red tape is strictly adhered to. Right off hand, we can think of at least a dozen public servants in Washington — some highly placed — who would make excellent candidates for on-the-spot service with the Remote Dwelling Program. And the thought of them toiling for a bigger and better Welfare State somewhere north of Nome is even a bit more heartwarming than the knowledge that our Eskimo friends are happy in their warm, new homes.

Alan Sturdy

HERE-THERE and EVERYWHERE

• **Hitler Ghost Still Rides** — The National Association of Manufacturers has raised its eyebrows, and with good cause, upon finding that the U. S. Military Government in Austria continues to condone a Nazi law which makes commercial competition a crime in that country. Under this dictatorial set-up, a businessman must be approved by his prospective competitors before he can obtain a license to trade; then, if he narrows his profit margin below prevailing rates, he can be hauled before the courts and made to desist. When U. S. authorities undertook to abolish these Nazi business restrictions, the N.A.M. reports, local businessmen rose up in protest and the matter was dropped. The laws have long since been abolished in Germany, which may partly account for the fact that economic recovery in Germany has been far more rapid than in restriction-bound Austria.

• **Diaper Progress** — Science, which is not wholly occupied with prodigious matters like the atom bomb, has in its own systematic way confronted — and quickly solved — that age-old nursery problem — diaper rash. The solution, reports Chemical and Engineering News, is simple enough: all a mother has to do is to rinse freshly-washed diapers in an ammonium compound retailed as Zephiran concentrate. The compound inhibits organisms which produce diaper rash.

• **Couponing Event** — The nation's biggest couponing campaign will swell Chicago area mails during the week of January 22,, when 1,100,000 families in and near the city will receive envelopes containing seven coupons redeemable for grocery store merchandise of seven different concerns. The giant campaign was conceived as a cooperative advertising effort by the Reuben H. Donnelley Corp. If all the coupon are redeemed, more than $3,000,00 worth of merchandise will be pur chased at a saving of $770,000. Re tail food stores have been alerte in order that they will have ampl stocks to accommodate the coupo deluge.

• **Nation Getting Healthier** — Th extraordinary accomplishments o medical science in recent years con tinues to show up in favorabl death rate trends. The Institute o Life Insurance believes, on the basi of preliminary figures, that 195 established a new low record deat rate as much as one-sixth to one seventh below the level of only te years ago. If the preliminary est mates are correct, it will mean tha about 100,000 fewer insurance pol cy holders died last year than woul have had the 1940 rate still pre vailed.

• **Call For Thrift** — Obscured, per haps, by headline-making federa expenditures this year will be th annual observance January 1 through 23 of "National Thrif Week." This worthy observance ha been set aside by the Nationa Thrift Committee, Inc., "as a wee for re-evaluating your persona economy and in understanding th part that a balanced personal econ omy plays in a balanced nationa economy." Press releases from th committee make no mention of th fact that thrift becomes pretty muc involuntary toward the end of Jan uary when those Christmas bill begin piling up!

• **Artistically Inclined?**—Folks wh have a secret yearning to design watch will receive sympathetic con sideration from the Elgin Nationa Watch Company, which has adopte a policy of seeking "fresh and in teresting" new watch styles fro

(*Continued on page 43*)

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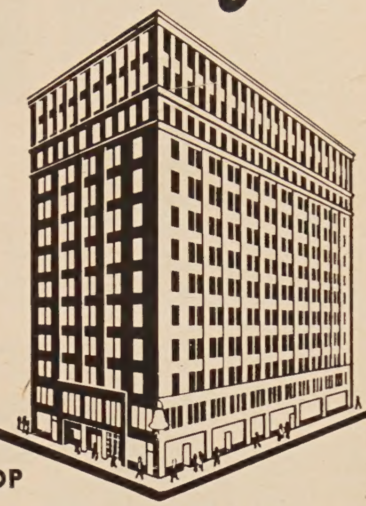

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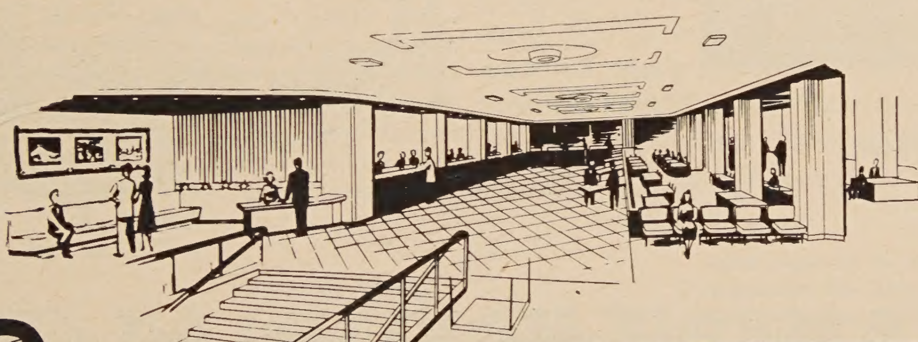

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Trends in FINANCE and BUSINESS

Public Thinking On Monopolies Veers Sharply

There has been a striking change, reports the Psychological Corporation, in public thinking regarding monopolies over the past two years. In November, 1948, the Psychological Corporation asked 5,000 people in 100 cities and towns, "Which kind of monopoly is the most dangerous — monopoly by big companies, monopoly by big labor unions, monopoly by government?" Twenty-seven per cent tagged company monopolies as the most dangerous; 25 per cent named government monopolies, and the same percentage named labor monopolies.

When the same question was asked last October, the answers were quite different. Thirty-four per cent of the persons interviewed said big labor union monopolies were the most dangerous, 27 per cent named government monopolies, and only 17 per cent felt big company monopolies were most dangerous.

« « » »

Smaller Business Shows Striking Five-Year Growth

Most people know that many of the nation's biggest companies have been enjoying the greatest sales and earnings in their history. But few realize that while these big companies have been getting bigger a great many smaller concerns have been growing even more rapidly. This fact is pointed up by a recent National City Bank of New York survey of 292 companies which have begun issuing financial statements for the first time in the past five years. This, of course, is an arbitrary selection of medium-sized concerns, but it nevertheless represents every major branch of industry. The combined sales of these 292 firms amounted to $1,781,000,000 in 1945. By 1949 sales had grown by 50 per cent to $2,670,000,000.

Breaking these companies into smaller groups, based on 1945 sales class, the National City Bank discovers even greater evidence of prosperity among smaller business enterprises. Eighty-five of the concerns were in the "under $2,500,000" sales classification in 1945; yet, by 1949, they had increased total sales 94 per cent!

The bank concedes that this growth pattern is not "wholly typical" of all small and medium-sized businesses, but it adds, "The important matter is that instances of growth and successful competition are numerous and striking. Far from being driven from the field, many smaller companies are growing year after year at a more rapid rate than their biggest competitors in the same fields."

« « » »

$4.4 Billion Spent On Beer In U. S. In 1949

A New York research firm has come up with a collection of illuminating facts regarding "America's favorite beverage" — which turns out to be beer. The superlative is based on the finding that the nation spent $4.4 billion on beer last year, compared with $3.7 billion for distilled spirits, $1.4 billion for coffee and $1.2 billion for soft drinks.

How much television has influenced the brewer's lofty sales total is hard to say, but one fact the Research Company of America did establish: the nation's brewers are the nation's biggest TV sponsors bringing to TV viewers everything from boxing to beauty contests and Pulitzer Prize plays. Television, however, is only one phase of an intensified industry-wide adver-

(Continued on page 45)

Coming: Further Materials Control

By Jack Robins

Many Vital Materials Will Be Allocated Shortly; Here's How The New Control Program Will Affect Your Business

THE advent of 1951 marks the beginning of a new phase in U. S. mobilization for war. This month the nation's steel mills began deliveries of steel for two special defense programs under what amounts to a selective controlled materials plan — "CMP" as it is known to thousands of businessmen. This development is quite distinct from the "DO" priority system adopted by the National Production Administration as a means of insuring that defense needs get first attention from an economy feeling the pinch of stepped-up demand for basic metals used by industrial producers.

NPA General Counsel Manley Fleischman says that judging from the military equipment needs of the fighting forces, 1951 will be scarcely more than half gone before CMP is extended to cover the allocation of all basic metals.

Manufacturers who had experience with CMP during World War II will remember that it was a more direct way of handling the distribution of materials than the priority system, of which the "DO" orders are one type. The "DO" priority gives a manufacturer a claim for materials that will enable him to deliver military ahead of civilian orders. It does not mean that the supplier must drop everything else to work on a priority order, only that he must give it whatever preferential treatment is necessary to get it done on time. It represents a minimum amount of government interference with the private economy to accomplish that objective.

← A selective controlled materials plan (CMP) has begun steering 310,000 tons of steel a month into freight car building *Korth photo*

Mandatory Program

There is nothing voluntary about CMP. It amounts to a placing of orders by government directive on behalf of manufacturers undertaking to fill the requirements of a specific government program. The companies receiving the orders must meet delivery schedules; otherwise, under the authority of the Defense Production Act, there are penalties embracing fine and imprisonment.

The two programs for which CMP has begun operating involve freight cars and lake vessels. Between them they call for the delivery by steel mills of 320,000 tons of steel of various types per month. The programs have been scheduled, as a start, only for the first quarter of 1951, but they are intended to be continuing programs and will be extended. The freight car program will consume 310,000 tons, enough for 10,000 cars a month. The remainder will go into the construction of 12 big ore-carrying Great Lakes freight vessels which will take until 1952 to complete.

The combined programs will absorb about five per cent of the average monthly production of steel in this country, although in the case of certain types of processed steel the percentage will be higher.

Steel so far is the only industry to feel the effect of CMP. Specific programs are now in the works for the petroleum refining and mining machinery industries. Next on the list is the electric power industry, for which the program is likely to expand the operations of CMP into aluminum and copper.

The key to the extent of CMP expansion during 1951 is the amount of America's military budget. Traditionally this is a carefully guarded secret, insofar as actual figures are concerned, until the President presents the annual budget to Congress soon after it convenes in January.

This year, however, Communist aggression in Korea has served as a sort of "handwriting on the wall" which anyone could read. It was not necessary to learn the exact appropriations requests of the armed services to know that the requirements would be so big that the

"light grey" mobilization under which the nation was operating would be entirely inadequate in a matter of months.

This certainty of big military expenditures enabled Fleischman to forecast what turn mobilization would take, considerably in advance of presentation of the budget. His forecast:

"Our assumption at NPA — and I think this would go throughout the administration — is that Congress will appropriate very adequately for the military. The figures are in the neighborhood of $50 or $60 billion a year for the military programs.

"If that scale of military appropriations is met by Congress, I think it becomes relatively easy to know what the shape of things to come will be, let's say, next July or August.

"With that scale of military spending, you have something approaching very closely to what happened in World War II. You cannot conceive an efficient system for seeing to it that a military program of that size gets through substantially on schedule, for seeing to it that the essential supporting civilian industrial economy first is maintained, then for seeing to it that essential civilian needs are taken care of, and finally for distributing equitably what is left over—I say you cannot imagine a system of that kind except in terms of something very much like the controlled materials plan.

"That means substantially a system of complete allocation in the basic metals. It was done last time by allocation of steel, copper, and aluminum, the theory being then that those were the three great materials which, by their nature, exercised a certain limiting effect on the economy. If you could distribute those materials equitably, the rest of the job could be done almost incidentally.

"My guess is that something very like that will be in effect by this summer."

Actually the system used to put the freight car and lake vessel programs into effect is not "something very much like" CMP but is CMP itself on a limited scale. Here is how the freight car program came about:

Under Executive Order No. 10160, in which President Truman delegated the authority conferred on him under the Defense Production Act, the Interstate Commerce Commission was given the responsibility of handling domestic transportation problems connected with the armament program. This was in accordance with the President's initial desire to use existing departments of government as much as possible; ICC was merely given another hat, labeled Defense Transportation Administration, and given pretty much the same job which was performed last time by the independent Office of Defense Transportation.

Typical CMP Procedure

DTA called a meeting of the railroad industry to survey its transportation needs. A tentative program of freight car construction was submitted to NPA's iron and steel division for a study of the impact it would have on the economy. NPA asked for further data. The DTA program covered the various types of freight cars required — box, gondola, hopper, flat, refrigerator, and tank — and gave the delivery schedules needed, but NPA needed to know in more detail how these requirements broke down into specific types of processed steel. The additional information was quickly assembled in consultation with the car builders.

On October 12, NPA iron and steel division officials held a meeting with car builders to review the program. The next day it met with a steel industry committee to discuss how the builders' orders should be spread. A second meeting with the steel men was held on October 17. Then, on October 27, with all hands consulted, NPA issued directives to the steel producers instructing them to accept the orders of the car builders in accordance with specific delivery schedules.

NPA was working against a deadline of November 15 so that the steel men would have 45 days before January 1, the start of deliveries. (The steel companies were given longer periods on certain types of steel.) Since it beat the deadline by a little more than two weeks, this gave the steel firms time to plan their production schedules.

"The whole purpose of the program," says Charles Halcomb of the iron and steel division, "is to spread the load through the industry as widely as possible and create as little disruption in normal production as possible."

In addition to the new cars, the program provides steel for maintenance and repair of old ones.

The reason why the transportation industry became the guinea pig for revival of CMP was that it had its statistical information in such shape that requirements could be quickly and concisely put together. The ore boat program was no more difficult. NPA could not act as fast on the petroleum refinery program because it involved compiling information from some 7,000 independent drillers.

As for the armed services procurement programs, these had to await the firm budget estimates submitted to Congress by the President. Undoubtedly some of the major weapons will be brought into the same setup in the near future. NPA intends to expand CMP as soon as the claimant agencies get up their bills of materials for each of the items they need, and submit the data breaking it down in terms of types of steel—bars, pipes, or plates.

Big Staff Needed

But even with all this information on hand, it will take time to spread CMP. It takes a tremendous administrative force to handle this type of program, a force running into thousands. NPA's Industry Operations Bureau has only 65 officials now, plus clerical help, and loyalty clearance for government employes takes longer these days than in the past.

In the interim, NPA has two choices in the handling of demands from the civilian economy for materials left over after the military programs. One is to have a priority system, embracing several bands, as in World War II. NPA hopes to avoid this, for experience shows that there tends to be an inflation in priorities and when everyone has a priority, no one has one.

NPA hopes instead to distribute the amount of available material among competing civilian users by regulation, cutting off uses regarded as less essential. This is now being done in two ways. Examples are the construction order, which bans the use of scarce materials in non-

(Continued on page 33)

Chicago:

WHAT MADE IT GREAT AND IS IT SLIPPING?

By LEVERETT LYON
Chief Executive Officer, The Chicago Association of Commerce and Industry

Leverett Lyon

THERE are two Chicagos. One is the city of Chicago. This is an area of 213 square miles outlined by legal municipal boundaries. The other is Industrial Chicago. This is an area defined in the United States censuses to include Cook, DuPage, Kane, Lake and Will counties in Illinois and Lake county in Indiana. It contains 3,617 square miles. It is officially called the Chicago Metropolitan Area. Chart 1 shows the boundaries of the area and of the city. The population of the city of Chicago, according to the preliminary census figures released in April, 1950, is 3,631,835; that of the metropolitan area 5,494,129. Chart 2 traces the population growth in Chicago and in the metropolitan area.

It is obvious that not all of these people came here — where in 1830 there was in the muddy swamp near the mouth of the Chicago River a community of only 50 persons — or remained here, just for the climate. The reason they are here, as is always true when a city develops, is because people have found the location of this city and this area advantageous for making a living.

Economic Base

What made this place so advantageous for making a living? Is its economic base still strong? Has the central area now lost its business significance? Is the city collapsing in competition with its own periphery? What lines of work call for action in Chicago?

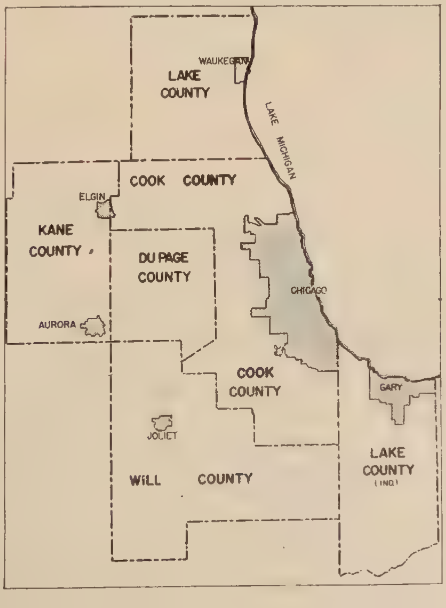
Most important in making the site of Chicago and this area economically advantageous are the contributions of nature. Nature combined at this location unusual factors of geology, topography, climate and geography. For hundreds of miles in nearly every direction fertile soil extends in an almost level plain. Nearby — either physically or transportation-wise—were placed abundant sources of timber, coal, iron ore and oil. The lake makes available an almost limitless supply of water for personal or industrial use. The climate is invigorating and favorable to raising food crops and livestock.

Geographic Factors

The most important geographical factor is Lake Michigan. The explorers found the southern end of the lake (and thus of the Great Lakes-St. Lawrence Waterway) to be separated from the Des Plaines River (and thus from the Mississippi waterway system) only by a short, almost level land portage. In the days when water routes were the only means of reaching the interior of our country, this fact laid the basis of the earliest business life at this location — primitive Indian trading at the portage. Chicago thus began — as many cities have begun — as a commercial village at a break in transportation. For some years it remained essentially concerned with trade.

CHART 1

CHICAGO METROPOLITAN AREA



This water route — the Great Lakes and the Mississippi systems — supplemented by the Erie Canal in 1825 and by the Illinois-Michigan Canal in 1848, established this location as the main transportation gateway between East and West. The area's earliest railroads were built to bring products from the West into Chicago for shipment eastward via the lakes. The first railroad train, drawn by a locomotive which had arrived by boat, proceeded over the Galena and Chicago Union (now the Chicago and Northwestern Railway) in 1848. By 1856 Chicago had become a railroad center, with 11 trunk lines entering the city. The railroads gave a new unity to the area and made Chicago its commercial capital.

Meatpacking Center

Manufacturing, though relatively much less important than later, was well under way in Chicago by this time. It is said that meat packing began in Chicago in 1832, but meat packing for many years meant mostly packing pork in brine. Chicago's beef operations were, for some years, primarily as a livestock market. The

invention of the refrigerator car, making it possible to send dressed meat to the East, made Chicago a real center for the production of dressed beef.

Cyrus McCormick, who had developed his reaper to the marketable stage by 1844, was producing in his Chicago plant at the rate of 15,000 reapers annually by the middle 1850's. Steel and wood products, shoes and clothing, and numerous other items were also being produced.

The Civil War boomed manufacturing in Chicago and a great new base of economic power for this phase of Chicago's life was given in the middle 1880's with the opening of the Mesabi ore fields in Minnesota. This ore, though distant, could be transported cheaply by Chicago's old friend, the natural waterway of the Great Lakes.

Natural Steel Center

Based in substantial part on iron ore from the Mesabi Range, Chicago expanded enormously in steel production. The Inland Steel Company opened its Indiana Harbor plant in 1903; the U. S. Steel Corporation started building its Gary works in 1906. Subsequently, other steel companies, less extensively but importantly, found this area a place for profitable operation.

The adequacy of these ores over the long-range future is attested to by such leaders of the steel industry as Clarence B. Randall, president of Inland Steel Company, and Arthur C. Wilby, vice president of the United States Steel Corporation. Mr. Randall has written, "There will be Lake Superior iron ore for a long, long time." Mr. Wilby comments, "The United States Steel Corporation has acquired ore deposits in Venezuela and other important companies have acquired deposits in Labrador. Since these companies will supply their eastern and southern plants in large part from these ore fields, the Mesabi ore will extend far into the future the possibilities of steel production in the Chicago area." If these authorities are correct — and they cannot afford to be wrong — this source of economic strength will not soon fail Chicago.

Water Aided Industry

In addition, processes of beneficiation are being rapidly developed which will make possible the economical use of low grade ores. The low grade ore deposits of the Mesabi, Randall indicates, are so large that they are capable of serving Chicago area mills indefinitely.

Another great industry was added to the Chicago area when the Standard Oil Company opened its Whiting refinery in 1890. To this company's vast refining operations, based on pipe lines and what the head of one oil company calls "the finest railroad service in the world," and greatly aided, as are most Chicago industries, by abundant water supply, there have now been added here the extensive refineries of Sinclair, Socony-Vacuum and Cities Service. Within the Chicago area have also been established the great refineries of The Texas Company and those of the Globe Oil and Refining Company.

The manufacture of other products kept pace with the rapid developments in steel and petroleum. Chicago became outstanding in printing and publishing, and in the manufacture of clothing, chemicals, professional and scientific instruments, tractors and farm machinery, plastics, furniture, paper and wood-

CHART 2

POPULATION GROWTH OF CHICAGO AND THE CHICAGO METROPOLITAN AREA

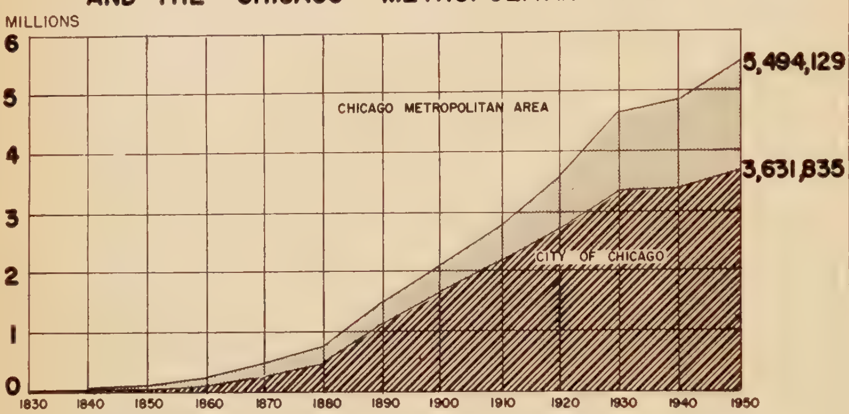


CHART 3

POPULATION INCREASES IN CHICAGO AND ITS METROPOLITAN AREA — 1940 TO 1950

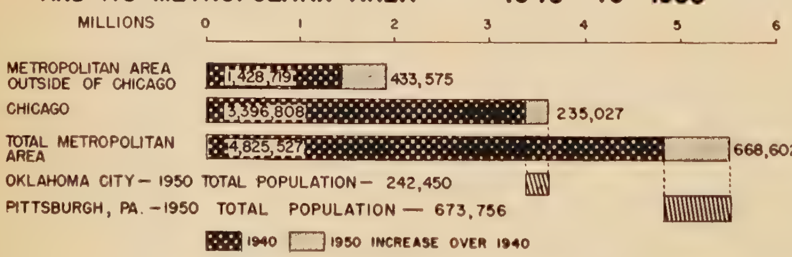
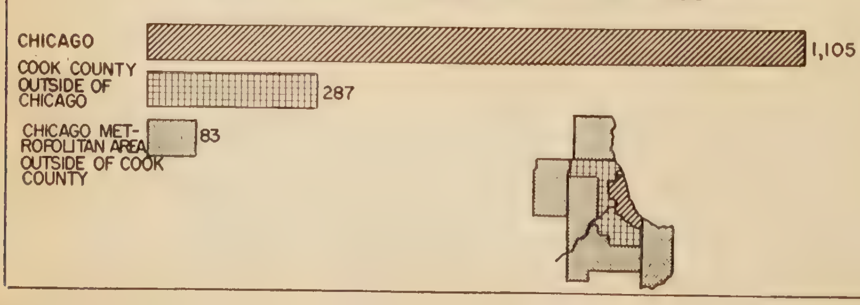


CHART 4

INCREASES IN DENSITY OF POPULATION PER SQUARE MILE IN THE CHICAGO AREA 1940-1950



in boxes, and has attained national leadership in many lines, including meat products, electrical machinery, communication equipment (including firsts in radio and television equipment), household appliances, metal working machinery other than machine tools, railroad equipment, confectionery, non-ferrous castings, metal stampings and structural metal products.

Diversity of manufacture, which is largely based on local production of steel, has now become one of Chicago's outstanding characteristics. Machinery manufacture, though the largest of Chicago's industries, is only 24 per cent of the city's total industry. Meat packing, which many persons still think of as the basis of Chicago industrial life, and in which Chicago does lead the world, employs only about one-third of those working in the food industry in the Chicago area. The food industry, in turn, employs only 10 per cent of all persons employed in manufacturing in the area.

Leader in Science

In science Chicago stands among the world's leading cities. Within the last decade it has become a leading — perhaps the greatest — medical center in the world. Eight years ago — at the University of Chicago — the first nuclear chain reaction was achieved. Approximately $60,000,000 is now being invested in construction alone at the Argonne National Laboratory for atomic research.

These wonders of Chicago's life could not have been accomplished without great men as well as great circumstances. Chicago had many business giants in the past, and has today, guiding its affairs, a group of men who are no less capable in terms of their times and circumstances. Not only through its leaders, but also through the industry and vocational skill of its workers—of which the Chicago area now has two and a half million employed—has the present position of the city and the area been attained.

Now as to the city's competition with its periphery.

From the day the first businessman establishes himself on the most valuable site around which a city develops, there appears the problem of the relative advantage of being close to this economic heart or of being somewhere farther out. Quite as early every worker considers how close or how far from his job it is best to live. In the economic life of a city peripheral competition never ceases.

The workers goes first and goes farthest. Whether employed in a factory or in the highest skyscraper in the Loop, he is aware of the space, the air, and perhaps the cheaper house rent somewhere away from his place of employment. So develops the suburb — for the businessman, only a dormitory to which he rushes to sleep and say "hello" to his wife and children, before he rushes back to the downtown area where the economic advantages of propinquity enable him to earn the income needed to maintain the wife, the children and the suburban home.

Commerce follows the crowd. Everyone knows that Chicago loop stores have placed branches in the suburbs in an attempt to attract part of the suburbanite's trade near his home.

In manufacturing, the advantages of the periphery often include cheaper land and lower taxes. These advantages were greatly en-

(Continued on page 25)

CHART 5

INCREASE IN NUMBER OF MANUFACTURING ESTABLISMENTS 1939 TO 1947

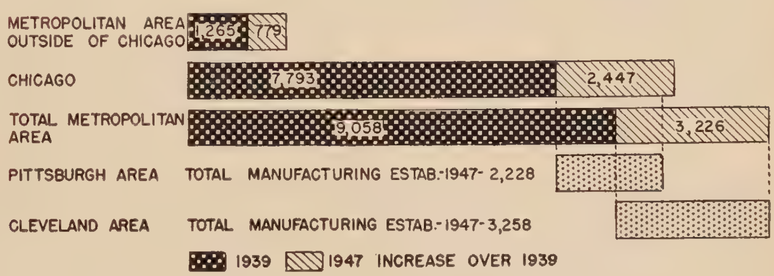


CHART 6

INCREASE IN NUMBER OF FACTORY WORKERS 1939 TO 1947

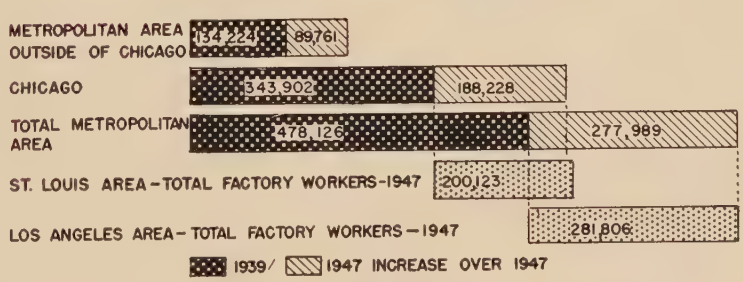
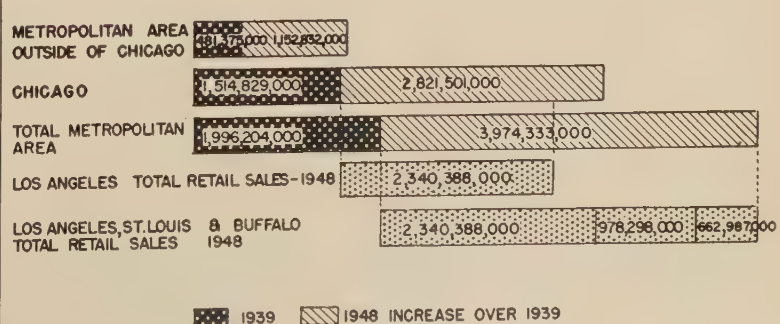


CHART 7

RETAIL SALES IN 1939 AND 1948



THE OIL-FROM-COAL BATTLE

Against Persistent Industry Opposition, The Government Is Driving Hard To Create A Large-Scale Synthetic Fuels Industry By 1960

By MITCHELL GORDON

OFFICIALS of the U. S. Bureau of Mines believe one of their most ambitious dreams may soon come true. The dream: a vast new industry to make oil from coal. Bureau officials began blueprinting the industry late in World War II, but until recently they had little hope of seeing their project launched on a commercial scale for years to come.

Now, however, they are "almost certain," as officials put it, that a large scale oil-from-coal industry will be well under way before the decade is out. There's even a possibility the new industry may get started this year.

A scheme under deliberation by top government defense agencies calls for the immediate construction of two large oil-from-coal plants. They would take between two and two-and-a-half years to complete and would cost the federal government about $315,000,000. Private companies — oil, coal processing or chemical — would run them.

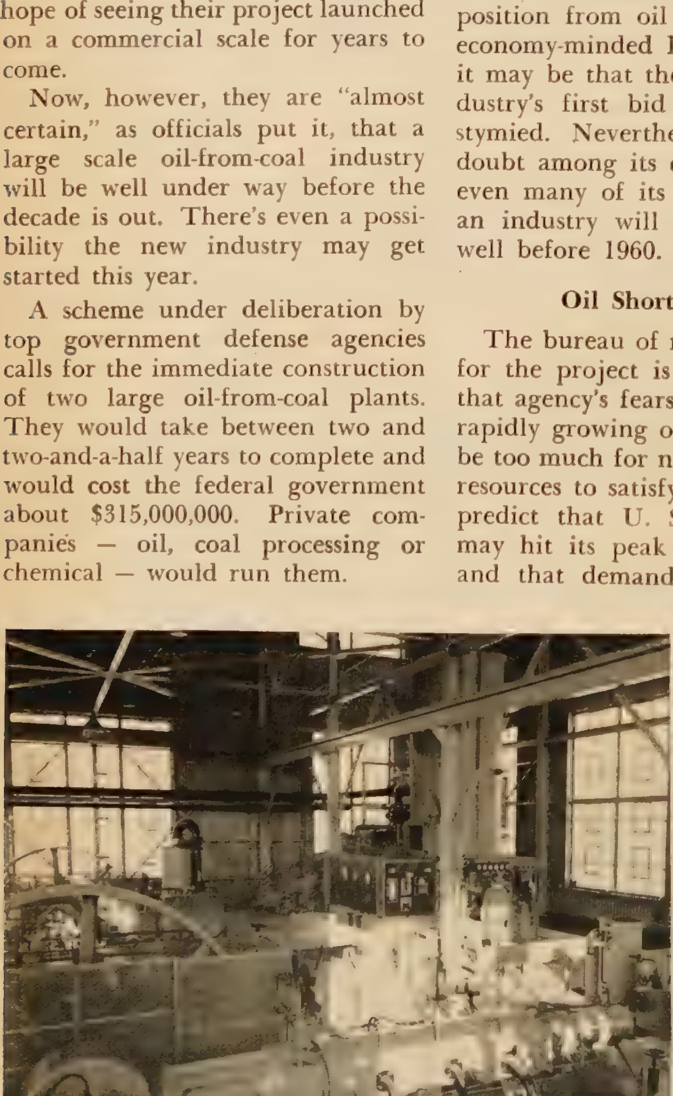
The scheme has strong support from the bureau of mines, the coal industry and many preparedness advocates. At the same time, however, it is meeting formidable opposition from oil people and avid economy-minded lawmakers. Thus, it may be that the oil-from-coal industry's first bid for life will be stymied. Nevertheless, there's little doubt among its champions — and even many of its foes — that such an industry will become a reality well before 1960.

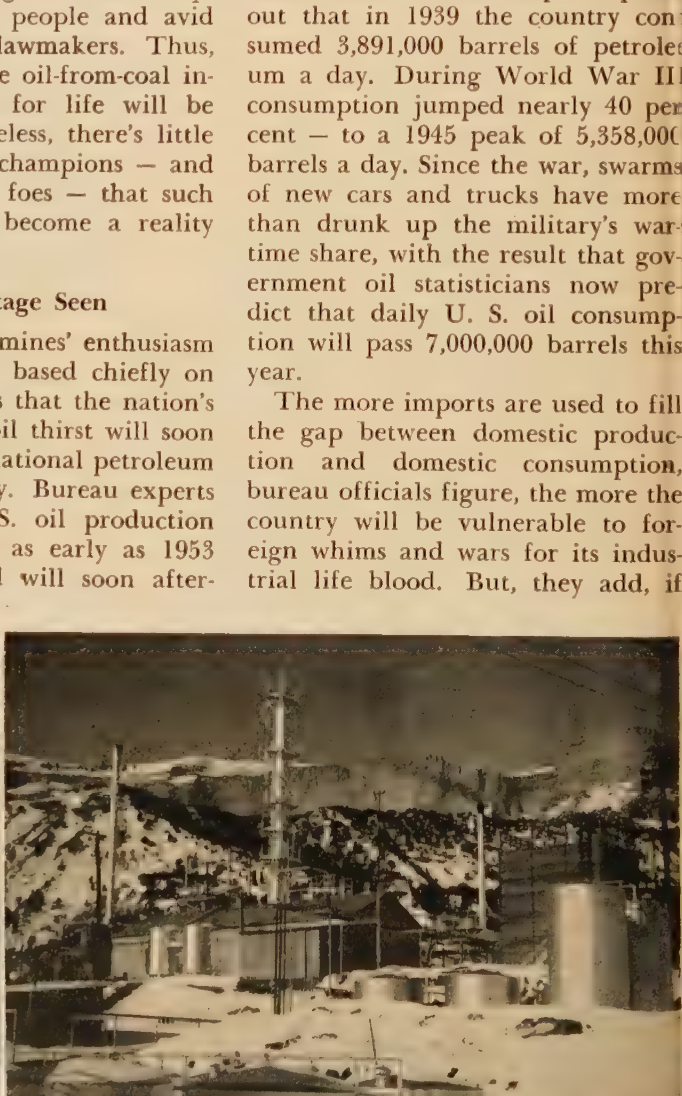
Oil Shortage Seen

The bureau of mines' enthusiasm for the project is based chiefly on that agency's fears that the nation's rapidly growing oil thirst will soon be too much for national petroleum resources to satisfy. Bureau experts predict that U. S. oil production may hit its peak as early as 1953 and that demand will soon afterwards begin to run ahead of output. They also believe that by 1975 the U. S. may face an oil shortage of 3.5 billion to 4.8 billion barrels a year, almost double our current annual consumption.

This shortage forecast is based on these facts. Bureau experts point out that in 1939 the country consumed 3,891,000 barrels of petroleum a day. During World War II consumption jumped nearly 40 per cent — to a 1945 peak of 5,358,000 barrels a day. Since the war, swarms of new cars and trucks have more than drunk up the military's wartime share, with the result that government oil statisticians now predict that daily U. S. oil consumption will pass 7,000,000 barrels this year.

The more imports are used to fill the gap between domestic production and domestic consumption, bureau officials figure, the more the country will be vulnerable to foreign whims and wars for its industrial life blood. But, they add, if





Government pilot plants: (l.) oil-from-coal test plant at Louisiana, Mo., (r.) oil-shale test plant, Rifle, Colo.

the U. S. made oil from coal, the country could avoid such a predicament. Domestic coal resources could keep the nation going almost indefinitely. As one bureau of mines official puts it, "If we used coal to meet all our oil requirements as well as our coal needs, we would still have enough coal to keep going for a thousand years."

That's one side of the argument. The other is voiced by a number of oil company executives who believe the bureau's oil-from-coal enthusiasts are whipping up false fears when they project an oil shortage by 1953 — or, for that matter, at any time in the foreseeable future. These executives are confident that they can keep on finding oil about as fast as they take it from the ground. That has certainly been the case up to now. In support of their contention, they point out that "proven reserves"—the amount of oil known to be in the ground—are about as great today as they were 20 years ago, in spite of this generation's record high consumption.

Reserves Questioned

Bureau of mines experts say this isn't necessarily so. They are inclined to doubt that proven reserves are as great today as they were two decades ago. The key point in their argument, however, is the fact that oil is getting harder to find. Oil companies, they point out, have had to drill a record number of exploratory wells in the past few years to find oil, and exploration costs — apart from inflationary influences — have risen sharply.

Thus, say the federal experts, costs will sooner or later catch up with prices and it will not be worth spending huge sums of money to find relatively small and isolated oil pools that might still be in the ground. Then, their argument goes, the nation will face a long and painful fumbling for other fuels—unless an oil-from-coal industry blueprint is sufficiently developed to ease the transition.

$88 Million Spent

The argument between oil industry experts and government experts will probably never be settled. Government experts are satisfied that they are right, and they are going ahead with a synthetic program underwritten by federal funds. The wisdom of their position may not be decided for decades to come.

In April, 1944, Congress appropriated an initial $30,000,000 to the

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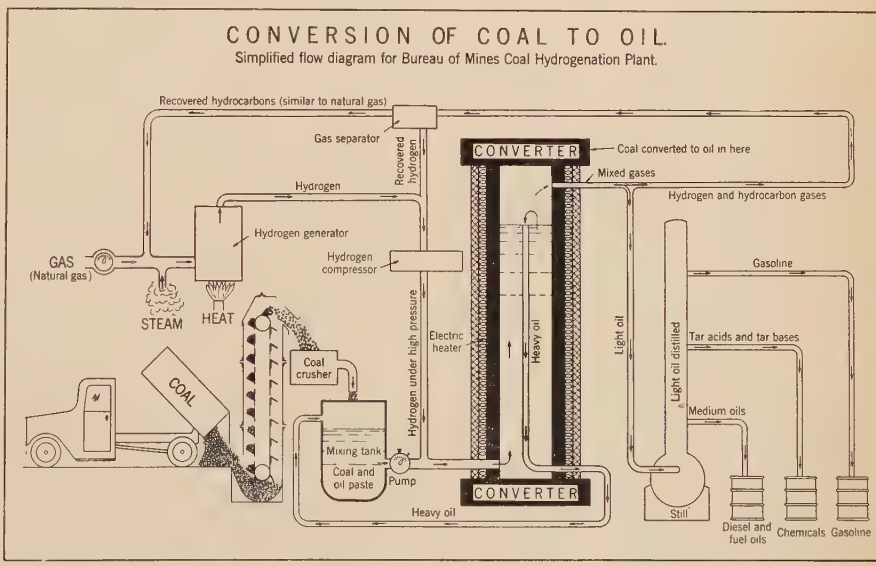
End of run at Colorado shale plant



Bureau of Mines photos

Flow diagram shows production of fuel oil, chemicals, natural gas from coal

Complex layout at Missouri coal hydrogenation test plant

Colorado river lies 3000 feet below oil-shale test plant

REARMAMENT— ITS COMING IMPACT UPON THE AMERICAN ECONOMY

By Dr. ALBERT G. HART
Professor of Economics,
Columbia University

OBVIOUSLY rearmament will bring inflationary pressure. There are two main forces at work — the cost-push, and the demand-suction.

The key issue of inflation control is the choice between direct and indirect controls — broad price control and rationing vs. taxes and tight money. In full mobilization, the choice is easy: we need all the indirect controls we can get, plus almost all the direct controls which are reasonably enforceable in an atmosphere of patriotic fervor. But in halfway mobilization the choice is harder.

If mobilization is not to be all-out, almost anybody will agree that direct controls should be minimized. Unfortunately, the necessary minimum may be large; and some people think the minimum comes close to being the whole kit of tools. We had certainly better try to do well enough with indirect controls to make the minimum less. Direct controls may be acceptable for a relatively brief period of high patriotic fervor, and yet completely unacceptable for a long period of control on cold blood.

Avoid Direct Controls!

The clinching argument for avoiding wholesale use of direct controls is that if war comes we will need them. If we adopt them prematurely, they may deteriorate so far that they will not serve us in a pinch. Standby arrangements make sense, and need to be pushed much faster than they have been so far; but the politicians' reluctance actually to start across-the-board controls is even better justified than they seem to think.

The minimum need for direct controls comes under two heads. Mobilization itself requires some, irrespective of inflation control. And the cost-push side of inflation control cannot be handled by indirect controls — unless by creating intolerable unemployment.

On the mobilization side, we are obviously going to recruit fighting men by compulsion — some combination of draft, UMT, and calls on reservists. This does not imply that a fighting force can be built of unwilling men, but simply that the willingness of those who serve cannot be eroded by letting others take advantage of refusal to serve. Similarly, we are obviously going to rely on negotiated contracts for procurement, and business firms will not be allowed to reject such contracts simply because they can think of something more profitable. To some extent, we will cut out non-essential civilian production by prohibitions.

On the stabilization side, the key question is to limit the rate of rise of money wages. Particularly since sliding-scale arrangements are now so fashionable, and since so many new contracts can be reopened if consumer prices rise, we cannot count as much as we once could on the mere delays of the wage-raising process. But any effective wage-limiting procedure, for obvious reasons, requires certain assurances to the workers. They want to be sure that the benefit of wage limitations goes to the nation rather than to their particular employers, and they want to be sure they are not laying themselves open to erosion of real wages by a major rise in living costs. The first assurance is one of the main jobs of an excess-profits tax; though as a stop-gap, a dividend freeze might fill its place temporarily. The second assurance is the object of the sliding-scale arrangements. If tax and monetary policy can get the demand-suction side of inflation under control, these arrangements (coupled with some effective profit limitation) would make it possible to get the cost-push side under control. But if excess demand is substantial, it is hard to see how the cost-push can be checked without across-the-board price control on cost-of-living items.

Need Standbys

The stakes of the indirect control game are high. If we can get adequate budgetary and monetary controls, we can make them our first line of defense and keep price control in reserve for a possible full-mobilization emergency. If budgetary and monetary controls are inadequate by any wide margin, we must take the risk of trying to work through the whole crisis period with price control as first line of defense. "Risk" is perhaps too mild: this strategy would make the evils of prolonged price control nearly certain, and in case of war in Europe might bring us to a full mobilization with price-control morale already worn out and black markets in full swing.

The rule of covering cash outgo by cash income gives a good first approximation to non-inflationary financing. How adequate it is depends partly on the types of taxes levied: per billion, the taxes bear-

(*Continued on page 45*)

SPEECH OF THE MONTH

Made before the American Management Association, December 1, 1950


Hardhitting publicity campaign by Citizen's Committee for the Hoover Report takes economy drive to the grassroots

Let's Save Five Billion Dollars!

THE WAR ON WASHINGTON WASTE IS NOW HALF WAY TO THAT GOAL

By BETTY SAVESKY

IN THE frantic days of World War II, business men in Washington faced many vexations, but one of the most annoying was the task of reaching military offices by telephone. Delays and wrong numbers were common because each of the services and many of their subdivisions had different telephone numbers and separate switchboards. Minutes — even hours — passed before a specific officer in a specific agency could be fished out of the maddening telephone confusion.

Today, things are different in Washington and business men there are breathing easier. Last October, a centralized switchboard was installed in the Pentagon Building with lines extending to all major service installations in Washington. Already, it is estimated, this simple telephone consolidation is saving 1,666 hours of telephone time daily, which, calculated another way, represents the regular working days of 209 people!

This economy is a direct outgrowth of the military unification act of 1949, one of the most important government-reorganization recommendations of the Hoover commission. Furthermore, it epitomizes the goal of that hard-working commission which was to root out extravagant and unnecessary duplication of effort in the federal government. Among many other immediate benefits, the unification act made it possible to speed 129,000 troops and massive amounts of equipment to Korea by joint transportation facilities. Top experts have testified that it would have taken at least six months to do the same job under the old, overlapping service set-up.

A Businesslike Washington!

While unification of the armed forces is the most widely publicized result of the Hoover commission report on government reorganization, a host of other commission recommendations involving budgeting, accounting, State Department procedures, and presidential duties have been enacted into law by Congress. Each of these moves represents potential savings to every taxpayer in the nation.

The upshot is that, although many do not realize it, 50 per cent of the Hoover program is already on the statute books. This accomplishment, according to reliable estimates, should pave the way for savings of $2,000,000,000 every year in taxpayers' money.

Ahead Of Schedule

The other half of the big economy job, which Congress will be asked to carry out this year, can mean an additional $3,000,000,000 in annual savings.

The success of the economy drive is all the more striking when one recalls that a scant 18 months ago Washington observers were predicting that it would take up to 10 years to put through 60 per cent of the Hoover commission program. But, as Robert L. Johnson, president of Temple University and chairman of the Citizen's Committee for the Hoover Report, observes, national and world developments have created a favorable climate for effecting economy in the government. "If there was one good reason for supporting the Hoover report before the Korean War," Mr.

Johnson declares, "there are 10 today."

Undoubtedly, the drive for government economy has been powered chiefly by Mr. Johnson's "Citizen's Committee." This non-partisan organization has literally blanketed the country with facts and figures in support of what it accurately calls "Freedom's War on Waste." It has not been easy sledding either. At one time last Summer, according to the committee, 15 national organizations (one reportedly with a "war chest" of $500,000) were lined up in opposition to one section or another of the report — although many gave lip service to the report as a whole.

Big Drive In 1951

The national committee has been gearing up for a knock-out drive for enactment of the remainder of the Hoover program in the first half of this year. National, state and city citizen's committees have been readying a flood of news stories, informational bulletins, telegrams, speeches, radio and TV scripts, films, booklets, and leaflets designed to stimulate a new peak of public interest in federal economy.

The committee's 1951 program includes seven major targets:

1. Personnel. The goal is to strengthen personnel practices of the government, and eliminate red tape, delay, and outmoded practices among the nation's 2,000,000 civilian employes. Estimated savings, according to the committee — $600,000,000 a year. The Hoover commission found that half a million civil servants — one out of every four — quit the federal government each year, discouraged and frustrated by red tape. Corrective legislation was passed by the House last year, but blocked in the Senate by veterans' and federal employes' groups.

2. United medical administration. The object is to consolidate medical manpower and provide better and cheaper medical services for those entitled to federal care. The Hoover commission found five federal hospital systems competing with each other and with private hospitals for doctors, nurses and technicians.

3. Natural resources. The Hoover commission would eliminate competition for public funds between the Army and the bureau of reclamation in planning public power, reclamation and irrigation projects. The commission found that these two agencies surveyed sites for a dam less than two miles apart on the same river. Each duplicating survey cost taxpayers $250,000, yet estimates for the project were $75,000,000 apart!

4. Post Office. The economizers want to reorganize the 114-year-old post office and remove postmaster appointments from politics. This, they estimate, would save $254,000,000 annually. The Hoover Commission found the post office creaking along at a loss of half a billion dollars a year! One flagrant extravagance: the post office pays 2½ cents to print and deliver a penny postcard!

5. Veterans Administration. The goal: elimination of wasteful practices without decreasing service to veterans. Estimated savings: $70,000,000 a year. The commission found 24 administrative and supervisory employes for every 25 persons being supervised in one VA unit, also that the VA takes four times as long to pay a widow's death claim as does a private company and uses five times as much manpower per policy.

6. Agriculture Department. The Hoover commission would regroup the department's maze of overlapping agencies into eight major services, for an estimated savings of $80,000,000 a year. The commission found a Maryland dairy county had 88 field service employes working with less than 3,400 farmers — a government man for every 40 farmers!

7. Federal business enterprises. The goal: consolidation or elimination of more than 30 of the 100-odd business enterprises that the government owns. The Hoover commission found many government business agencies investing their idle government-supplied funds in government securities with the result that the government pays interest on its own money!

Citizen's Committee "Cracker Barrel Caravan" welcomed by New Jersey governor.

Good "Box Score"

While the 1951 program is ambitious, the Citizen's Committee can draw considerable encouragement from its record of the past two years. A number of legislative bills incorporating commission recommendations died in the 81st Congress, but on the other hand 20 measures were enacted into law, and 26 Presidential plans for reorganizing executive agencies have been approved by Congress. Hence, the box score on a program involving some hotly contested reforms has been clearly impressive.

The Citizen's Committee in a study of military unification reports that the army, navy and air force are now displaying good teamwork all the way from Washington to the combat zones in Korea. The

(Continued on page 40)

STEEL . . .

The Outlook For 1951

By E. F. ROSS

ALL hope that steel supplies in 1951 would be less tight than earlier forecasts had indicated vanished with the reverses of United Nation forces in Korea and developments following. Military activity of the Red Chinese raised the specter of a long war, more billions for defense, less material and manpower for civilian goods.

The new military developments have created a national emergency and eliminate prospects for a leisurely rearmament program. They mean full steam ahead. More industry will be converted to war production and at an accelerated pace, and shortages of materials for civilian industry probably will materialize more rapidly than had been anticipated.

Percentage To War

Even before the international situation worsened, some steel trade authorities estimated priority or rated tonnage commitments of mills for March delivery would run between 30 and 35 per cent of total finished steel output, in some products such as plates and sheets probably exceeding 40 per cent. There just won't be enough steel to go around and it seems a matter of only a relatively short time before the government will find it necessary to clamp on mandatory controls somewhat similar to World War II, regulating not only production and distribution, but effecting cutbacks in civilian goods manufacturing as well.

Currently, the tonnage of steel going into the defense and support programs is not great but it will accelerate during the first six months of 1951. It is estimated that defense will take 12 to 15 per cent of steel output in the third quarter and 25 per cent in the fourth quarter. This poses the question as to why the supply situation has been so tight.

Steelmakers are compelled to accept DO (Defense Orders) up to a certain percentage of their output of separate products. These percentages at present range from five to 15 per cent on carbon steel products and five to 25 per cent on alloy products. These limits, of course, can be boosted by NPA from time to time, as was done recently. Mills also have voluntarily agreed to provide assigned quotas of steel to defense support programs, such as atomic energy, freight cars, lake vessels, etc. Despite the inroads which these programs make, civilian requirements for some time will continue to get most of the steel produced. Demand on civilian account, however, is far in excess of the surplus over defense and other emergency needs, and unless credit and other government curbs force cutbacks in civilian goods demands soon, already acute steel shortage conditions will intensify.

Scant Inventories

Procurement difficulties of consumers over past months and high level manufacturing schedules have prevented the accumulation of consumer inventories. Most metalworking shops have been operating on a precarious supply basis for some time. With defense and other emergency needs taking an increasingly large slice of production, the scramble for tonnage promises to become even more hectic than it has been in recent months. Only

limited supply relief is possible from premium conversion and gray markets, and while more foreign steel is coming in, the tonnage is only a drop in the bucket.

Mills have generally departed from the policy of booking on a quarterly basis. Consumers can only hope to cover their requirements from month to month and even then they are not certain of full shipments on allotted quotas since firm mill commitments are lacking in the face of rising priority requirements. Consumers who were unable to improve their inventory positions in the fourth quarter will be further impeded early in 1951.

Big Carryover

Steelmakers are entering 1951 with heavy tonnage carryover. In sheet and strip, arrearages range from four to six weeks with hot rolled items constituting the largest unfilled commitments. For many mills, rollings in January in excess of rated tonnage will go completely to cleaning up carryovers. In view of this situation, most consumers are letting their unfilled orders remain on mill books rather than take up the option of respecifying against reduced allotments. Producers have placed no limitation on rated tonnage acceptance from regular customers in particular, with the result that some users have received definite mill commitments on specified tonnage of rated orders on a month-by-month basis through 1951.

So, a system of complete allocation controls covering key materials can be expected to emerge during the first half of 1951. Defense officials openly admit the present piecemeal system will bog down as the armament program develops. The new system will be similar to CMP (Controlled Materials Plan) of World War II.

Limitation of civilian products—automobiles, refrigerators, stoves, and the like — is not expected in the first quarter and possibly can be staved off through the second quarter. But such limitation orders are expected to go into effect at latest by July 1. Thus, companies adaptable to production of war material should be planning now as to what they make. Otherwise, they may be out of production when steel, aluminum, copper and other materials are doled out under a new CMP.

Steel production in 1950 was approximately 96,000,000 ingot tons, topping all records. This exceeded by 18,000,000 tons the 1949 output and was about 6,000,000 tons greater than the best previous year — 1944 — with 89,600,000 tons. The 96,000,000 ton ingot output last year provided about 73,000,000 tons of finished rolled products.

With steel available in such vast quantities, it is logical to ask why steel has been so scarce. The answer, of course, is the greatly expanded consumption since end of World War II. Back in 1943, during the war, the nation's furnaces turned out 88,800,000 ingot tons. With that steel we fought a war, supplied Europe, including Russia with steel and military materiel and had an unprecedently large shipbuilding program. Last year we turned out 96,000,000 ingot tons. Europe is supplying us with steel. No American steel is going to Russia. We have a tiny shipbuilding program. Where, then, is all the steel going?

Well, in 1943 there were assembled in United States and Canada 965,000 cars and trucks. The industry consumed less than 750,000 tons of sheet and strip in the entire year. Last year the industry built more than 8,000,000 cars and trucks. In the first six months of 1950 it consumed nearly 4,800,000 tons of sheets and strip, 7,100,000 tons of all steel produced. In 1943, only about 140,000 new nonfarm dwellings were started in the United States. Last year an estimated 1,200,000 were started. More than 4.5 tons of steel go into the average house.

Why Steel Is Short

More than 1,000,000 tons of steel, including 908,000 tons of sheet and strip, went into home appliances in the first half of last year; little of the metal was used for that purpose in 1943. An estimated 6,300,000 refrigerators were built last year, compared with 156,697 in 1943. An estimated 8,200,000 electric flat irons were made in 1950; none were produced in 1943. An estimated 6,700,000 television sets were made last year, none were built in 1943.

Many more examples could be cited to show the greatly increased steel use in recent years. Some of the increase can be attributed to the demand for consumer goods pent up during the war, some springs from normal progress and higher standards of living. And before a normal consumption level can be arrived at, another war threatens. The country's productive capacity for steel has never been contemplated to satisfy the demands for guns and butter at the same time.

Now to consider some of the requirements for steel which a rearmament program imposes. As stated previously, the materials outlook for the first quarter doesn't appear too bad — the impact comes after that. Military steel requirements for the first three months this year have been estimated at around 800,000 tons, or only a little more than the 765,000 tons taken for military purposes in fourth quarter last year. The small increase is caused by the time required to get the heavier production lines going.

NPA Allocation

Some time ago, the iron and steel division of NPA allocated its first steel, 308,466 tons monthly, starting Jan. 1, to construct 10,000 freight cars monthly. This is not a DO program but what NPA calls a "directed" program. Steel producers acknowledge the urgency of the program and have agreed to supply prorated tonnage as directed. The monthly product breakdown looks like this: plates 126,623 tons, hot rolled sheets 29,685, shapes 64,951, hot rolled bars 35,655, galvanized sheets 6045, pipe 2705, semifinished 1172, axles 21,330 and wrought steel wheels 20,300 tons. In addition, certain small tonnages are to be made available by mills for repairing bad order freight cars.

First estimate of requirements for the atomic energy program, which now gets DO ratings on a par with the Defense Department, hover around 16,000 to 18,000 tons per month. These may be increased later to include heavy steel for the new reactor plant in Idaho and for the proposed hydrogen bomb plant for which a South Carolina site recently was selected.

A second allocation program — for lake vessels — which NPA

(Continued on page 36)

Chicago: What Made It Great

(Continued from page 17)

hanced by electric power and the automobile. The easy transmission of electricity made it possible to put a plant almost anywhere, so far as power is concerned. The automobile causes industrialists to say, "We are close to a labor supply," if workers can come over 20 or 30 miles of good roads. More recently, the recognition of merit in one-story plants has added to this advantage of the open spaces of the periphery.

Chart 8, showing the location of the plants constructed in the Chicago Industrial Area from 1941 to 1949, shows that many large plants have located near the periphery. It will be observed, however, that this means not the legal boundaries of the city, but the boundaries of the more congested areas. Thus, in some cases — as at the western edge of Chicago — where there is already intensive land use up to and beyond the city boundaries, the new plants are outside the city limits. On the south and southwest sides, where large undeveloped areas exist, the big new plants are within the city limits. We shall have occasion to refer to this chart in a later paragraph.

Decay or Growth?

What do such peripheral developments mean? Do they indicate decay or growth? What does the evidence show as to the current strength of Chicago and of the Chicago area? Does it show that the city of Chicago is on the skids? Does it show that this area is no longer attractive as a place for making a living, or does it show that Chicago and the Chicago area are still vital and growing?

There are many types of evidence which might be examined in considering this question. I shall, however, present only five which I believe are most significant. These are: growth of population, increase in number of manufacturing plants, investment in industrial facilities, increase in production workers in manufacturing plants and growth of retail sales.

First, what is shown by population figures? The first thing is that the percentage increase in population in the city of Chicago was 6.9. The percentage increase in the metropolitan area was 13.7 and the percentage increase for the area outside the city was 30.3. Chicago's growth is relatively small percentagewise because its population is so enormous.

In actual figures, as shown in Chart 3, however, Chicago's growth between 1940 and 1950, has, indeed, been large, increasing by more than 235,000 persons. This means that there was added to the population of Chicago a number of persons greater than the total 1950 population of Syracuse (220,000) and only a little less than the total population of Dayton (243,000), or Oklahoma City (242,000), or of Omaha (247,000), or of Miami (247,000). Another measure of the significance of this number is the fact that there are only 45 cities in the United States with a total population as great as 235,000.

The magnitude of population

growth in Chicago compared with growth in Cook County excluding Chicago and in the metropolitan area excluding Cook County is more significantly shown when considered on a per-square-mile basis. Chart 4 shows that the increase in population per square mile in the city in the decade was 1,105. In Cook County outside of Chicago it was only 287, and for the metropolitan area outside of Cook County, only 83. This intensification in the use of the city of Chicago as a place to live is strikingly indicative of the economic attraction of the central location — that is, of the city itself.

The second type of evidence is the increase in number of manufacturing establishments during the period between the last two censuses of manufactures. Chart 5 shows that in the census period the number of manufacturing plants in the metropolitan area outside of Chicago increased by 779, while the increase in the number of manufacturing establishments within Chicago was approximately three times as great, the number being 2,447. The third bar in the chart shows the total of the two.

This chart not only shows that the city of Chicago has drawn some three times as many manufacturing establishments as has the metropolitan area outside, but also shows the tremendous growth of Chicago when compared with two other outstanding industrial areas. For example, the total number of manufacturing plants in the Pittsburgh four-county metropolitan area is 2,228. The city of Chicago added more plants in the past decade than the total number of plants which were in the Pittsburgh metropolitan area at the end of the census period.

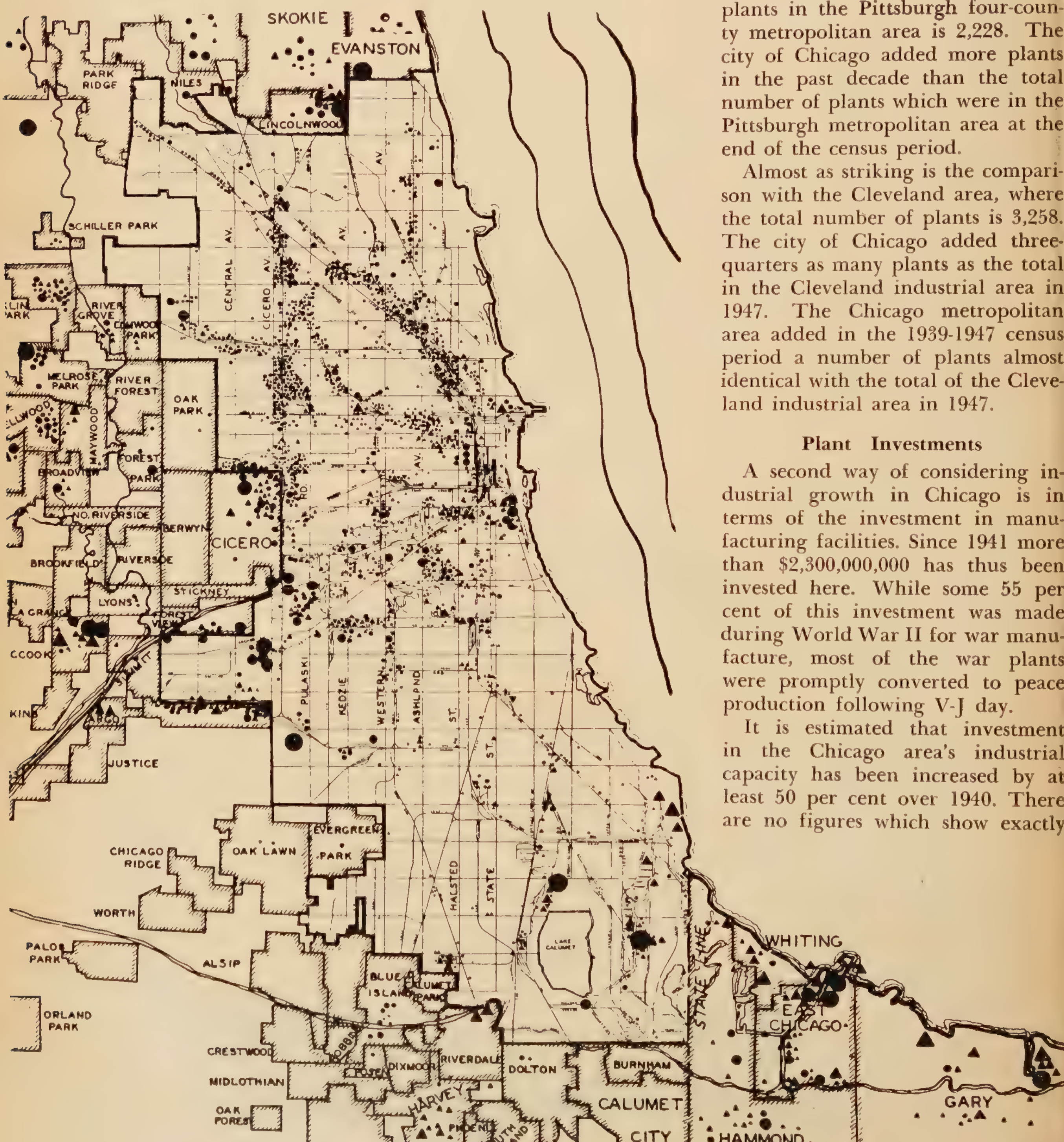
Almost as striking is the comparison with the Cleveland area, where the total number of plants is 3,258. The city of Chicago added three-quarters as many plants as the total in the Cleveland industrial area in 1947. The Chicago metropolitan area added in the 1939-1947 census period a number of plants almost identical with the total of the Cleveland industrial area in 1947.

Plant Investments

A second way of considering industrial growth in Chicago is in terms of the investment in manufacturing facilities. Since 1941 more than $2,300,000,000 has thus been invested here. While some 55 per cent of this investment was made during World War II for war manufacture, most of the war plants were promptly converted to peace production following V-J day.

It is estimated that investment in the Chicago area's industrial capacity has been increased by at least 50 per cent over 1940. There are no figures which show exactly

CHART 8



Chicago area industrial construction, Jan., 1941-Sept., 1949. Circles indicate plants; triangles, plant expansions.

what part of this investment took place within the city and what part took place in the industrial area outside of the city. However, Chart 8 shows that while the larger plants tend to be around the periphery, there has nevertheless been an almost unbelievable number of new plants and plant expansions within the more central part of the city.

The fourth type of evidence to consider is the increase of production workers in manufacturing plants. Chart 6 shows that the growth in such employment in the metropolitan area was 277,989 from 1939 to 1947, the latest year for which figures are available. Of this large total, however, the growth of manufacturing employment within the city of Chicago was more than twice as great as the growth in the metropolitan area outside of Chicago. Within the city it was 188,228. In the outside area, the number added was 89,761.

Employment Growth

How significant are these increases in industrial employment? The total number of such workers in the St. Louis Metropolitan Area in 1947 was 200,123. During the latest census period, the city of Chicago added almost as many production workers as the total number in the St. Louis area. Even more striking is a comparison with the Los Angeles area. The 277,989 increase in production workers in manufacturing plants in Chicago's metropolitan area in the last census period was almost equal to the 281,806 which was the total number in the Los Angeles area in 1947.

This has meant an astonishing increase in factory wages in the Chicago area. Such wages have more than tripled, rising from $632,529,000 in 1939 to $2,177,257,000, as shown by the latest census of manufacturers.

There is another important observation to be made here which evidences the economic vitality of Chicago. The population of the metropolitan area outside of Chicago during the last decade grew substantially more than the population of the city. However, the increase in production workers in manufacturing plants inside the city of Chicago has been twice as great as the increase in the area outside the city. These facts, taken together, suggest the weakness of population growth alone as a measure of economic strength. What they show is that while the dormitory suburbs are more attractive places of residence, it is the city itself which is still the vital economic heart of the area!

Retail Sales

Now, for a glance at the fifth type of evidence. This is concerned with the increase in annual retail sales from 1939 to 1948, as reported by the 1948 Census of Business. Chart 7 shows that retail sales within the city amounted to $4,336,330,000 in 1948, an increase of $2,821,501,000 over 1939. Retail sales in the metropolitan area outside of Chicago amounted to $1,634,207,000 in 1948, an increase of $1,152,832,000 over 1939. In other words, the increase in annual retail sales within the city is almost two and one-half times as great as the increase in the entire metropolitan area outside of Chicago — an area which includes not only the west side and north shore suburbs, but such relatively large cities as Gary, Joliet, Aurora, Elgin and Waukegan.

Comparisons with some other cities indicate Chicago's almost unbelievable strength in this field, as in the others considered. For example, the increase in annual retail sales volume in the city of Chicago between the years 1939 and 1948, which amounted to $2,821,501,000, exceeded the total retail sales of $2,340,388,000 in 1948 in the city of Los Angeles. The increase of the 1948 retail sales volume in the Chicago metropolitan area over the 1939 volume was $3,974,333,000. This is about identical with the combined retail sales of the cities of Los Angeles, St. Louis and Buffalo in 1948, which totaled $3,981,673,000.

There is the evidence on the question, "Is Chicago on the skids?" I believe we may safely conclude that the Chicago area has retained its economic vitality, that as an area for business location it still has, in great degree, the merits which, over the past century and a quarter, have attracted commercial and industrial enterprise. Moreover, while it presents, as it has always presented, and as every other growing city presents, the problems of

growth, it is the city itself which is the most vital economic spot in the area. The evidence shows that during the last decade, as throughout the history of Chicago, business propinquity is of prime importance, and that in this decade, as before, it is the city, rather than the area as a whole, where the most intensive growth of population, manufacture and trade have taken place.

Unfinished Business

Along what lines is work needed to keep Chicago strong? Problems are numerous, as they always are, where there is activity and change. I prefer to think of these not so much as problems as lines along which work needs to be done.

First may be mentioned local transportation. Real thought is needed here. This includes the problems of private vehicles, of mass transportation, of highways and superhighways and of parking.

The second place where work is needed concerns transportation terminals, both freight and passenger, and as these relate to railroads, motor carriers, air lines and water traffic. It would be strange indeed if this matter did not need frequent attention in a city which has grown as Chicago has grown.

Everyone knows that work is needed on Chicago's slums. Slum clearance is a name for a host of constructive activities involving better housing, better taxation methods, industrial development and crime prevention and the use of private enterprise and public action working in partnership.

New work should be done on Chicago's zoning, which also relates to slum clearance, and to industrial development, transportation and a variety of other aspects of our growing city. The administrative section of Chicago's new building code should be promptly passed and the administration of inspectional services calls for revision.

The factors which bear on Chicago's health can be steadily improved. Included is work on sanitation, cleaner streets and cleaner air. Added to the tasks of fire and police protection, Chicago now demands a vigorous approach to the problem of defense against possible military attack.

It is obvious that, in all of these tasks, there is necessity for leadership by local government. Our local governments are not only the tools which we use for numerous day-to-day functions, but they are important tools for improving the conditions of municipal living and for making it possible for private enterprise to function effectively. If local governments with reasonable efficiency and economy will do their part in making Chicago a good place to live and to do business, private enterprise will continue to make Chicago a good place to make a living.

An observer has asked and answered: "What makes a city great? Huge piles of stone heaped heavenward? Vast multitudes who dwell within wide circling walls? True glory dwells where glorious deeds are done."

Chicago has had its share of glorious deeds, but in Chicago there is still opportunity for glorious deeds by men in business and for glorious deeds by men in government.

(The foregoing article has been adapted from a speech delivered before the Union League Club of Chicago on November 28, 1950.)

The Oil-From-Shale Battle

(Continued from page 19)

bureau of mines, enabling that agency to begin experimenting with various synthetic oil processes and materials. The object was to compile engineering data as well as estimate the costs of a synthetic program. In 1948 Congress added another $30,000,000 to the project, and after the outbreak of war in Korea it appropriated $28,000,000 more to speed up the work. Thus, by last August, U. S. taxpayers had been touched for $88,000,000 in the interest of synthetic fuels.

The bureau of mines has been using this money to experiment with several other substances besides coal; among them, natural gas, oil shale, and corn cobs. The bureau's real favorite, however, is coal. Bureau scientists figure both natural gas and oil shale are relatively limited and corn cobs cost too much to convert into oil. But over 95 per cent of the country's total fuel reserves, they point out, consists of coal. Furthermore, the oil that comes from coal is rich in aviation gasoline ingredients and chemical raw materials.

In fact, it is the ability of coal to produce substantial quantities of one of these chemicals that's giving the oil-from-coal project an added air of urgency these days. The chemical is in extremely short sup-

ply, yet is vitally needed for military and civilian products. That chemical is benzene — a colorless, highly inflammable liquid that 10 years ago was still being used chiefly as an octane-booster in motor gasoline.

Benzene—as most people know—has suddenly become critically important as a basic raw material in a fantastic array of new products, including nylon, plastics, synthetic detergents and insecticides like DDT. Today, little if any benzene is permitted to be used as a motor gasoline booster.

Benzene now is needed most of all in synthetic rubber. It is used in making styrene, which, with butadiene, are the principal ingredients in synthetic rubber. With the government expecting to double its synthetic rubber output by next Summer, benzene could well become a major bottleneck.

Benzene Source?

Almost all benzene is now produced as a by-product in the coke-making process. Since it is uneconomical to make coke simply for the benzene by-product, benzene production is strait-jacketed by the coke demand of steel makers. Coke demand has, of course, been increasing, but far less rapidly than has benzene demand. Thus, Uncle Sam has been busily searching for new benzene sources and by now has turned up two.

One source is the petroleum industry. Two oil companies—Pan-Am Southern Corporation and Shell Oil Company — started making benzene from petroleum on a commercial basis last year. However, they did so only after being assured of a market. Benzene-desperate chemical concerns contracted to buy their output at higher-than-market prices. Even so, the oil companies accounted for only about five per cent of total benzene production last year. There is little prospect of getting more without similar contracts.

The other new source of benzene is the proposed oil-from-coal industry. The two oil-from-coal plants which the government wants to get started on could boost benzene output nearly 20 per cent, or by roughly 34,000,000 gallons a year.

Oil men are vigorous foes of the oil-from-coal project — even with benzene thrown into the argument. The petroleum industry contends that it could solve the benzene shortage at a much smaller cost to the government and with considerably less steel required to do the job. Industry spokesmen have suggested that the government would be better off using its Defense Production Act incentives (bigger depreciation allowances, government-guaranteed private loans, and the like) to help oil concerns produce benzene.

Regardless of who eventually wins the benzene battle, the synthetic fuels industry — in which the oil-from-coal plants may some day play the major role — is going doggedly ahead. The nation's first commercial synthetic fuels plant—designed to make gasoline and other liquid fuels from natural gas — is getting into production at Brownsville, Texas. The plant, built with the help of an $18,000,000 R.F.C. loan, is being run by Carthage-Hydrocol, Inc., a concern formed shortly after World War II by several oil and natural gas companies together with

non-related investors for the specific purpose of making synthetic fuels from natural gas.

Meanwhile, at Rifle, Colorado, the bureau of mines recently completed a demonstration plant to determine the cost of making liquid fuels from oil shale and to indicate the engineering features that would be needed in a commercial-sized plant. Two demonstration plants for making oil from coal and lignite recently were completed by the bureau about 10 miles north of St. Louis on the Mississippi River.

How Oil Is Made

Briefly, here's how oil is made from natural gas, oil shale and coal:

From natural gas: The gas is burned with insufficient oxygen so it comes out carbon monoxide and hydrogen; these two gases are then passed through a catalyst that helps convert them into liquid.

From oil shale: the shale is heated in a retort to form oil and gas. The gas is then condensed to increase the amount of oil.

From coal, there are two methods. One consists of crushing the coal to powder and then partially burning it and siphoning off the resulting gases. These gases are then treated as is natural gas.

The other method, called the "coal hydrogenation process," is favored at the moment because it produces more aviation gasoline ingredients and chemicals like benzene. Powdered coal is mixed with heavy oil that's left over from the previous cycle, then this coal-oil paste is pumped into a high-pressure vessel and gaseous hydrogen forced into the paste. The hydrogen, with the help of a catalyst (tin and iron oxide), liquefies the paste. The part of the liquid that is still heavy oil is used with the next batch of powdered coal. Eventually about 95 per cent of the coal is turned into liquid fuel.

When and if the two proposed oil-from-coal plants are built and get into production, they'd turn out 30,000 barrels of liquid products a day. In addition to the estimated 34,000,000 gallons of benzene they would produce every year, they would, according to government experts, also turn out: 49,500,000 gallons of toluene, or more than 50 per cent more than was produced domestically in 1949; 50,300,000 gallons of xylenes, or almost double 1949 output; and 34,500,000 gallons of phenol for plastics and medicinals — about 11 per cent over 1949 production. They would also yield some 3,500,000 barrels of gasoline a year and 3,250,000 barrels of liquefied petroleum gases.

Cost Outlook

Bureau of mines experts are a bit hazy on one question: the probable cost of synthetic fuels under their projected program. The bureau points out that its only up-to-date study was made for gasoline, the biggest product of the synthetic fuels operation. Bureau experts calculate that gasoline made in a 30,000-barrels-a-day hydrogenation plant would cost 10.8 cents a gallon, provided that phenol — the biggest by-product — bore its share of costs. If not, the gasoline would cost an estimated 14.8 cents a gallon. Since these figures do not include selling costs, return on investment or profit, the bureau figures another two to 2.5 cents a gallon would have to be added to arrive at the selling price of synthetic gasoline at the refinery. This would bring the price for the synthetic product to at least 12.8 cents a gallon, allowing phenol credits, compared with the current selling price of private oil concerns of 11.5 to 15 cents a gallon at the refinery.

Not all of the products of the synthetic program would be blessings. Some would probably be gluts on the market. Take, for example, cresol, used largely as a protective finish for table tops. Last year the country got along on just 13,500 gallons of the stuff. The two proposed oil-from-coal plants would spill out another 57,000 gallons each year.

Perhaps by the time a synthetic fuels industry really gets rolling in this country — which may actually be long years hence — American ingenuity will have devised uses for this swimming pool supply of little-used cresol. Undoubtedly, it will be among the minor problems of a new industry now barely emerging from the blueprint stage of development.

Invest in the MIDDLE WEST

Reviews of Middle-western Companies

By DANIEL F. NICHOLSON

A NEW box plant placed in operation about mid year and a paper mill in which a half interest was acquired in the latter part of 1950 helped Stone Container Corporation reach a new record high in sales during 1950 of approximately $16,500,000, as compared with $11,356,902 in 1949. Current operations are at near capacity, not only because of the interest purchased in the paper mill but because of capital improvements made in Stone's other paper mills and because of a continuation of its contracts with other paper suppliers.

The 1950 expansion was one of a series of similar moves that has made Stone Container one of the fastest growing and most progressive companies in the highly competitive corrugated paper box field. The company numbers among its customers some of the largest producers of radios and television sets, foodstuffs, household appliances, beverages, furniture, glass, and many other products. There are some 500 manufacturers of corrugated paper box containers in the United States, and at the present time Stone Container Corporation ranks about eleventh in point of volume of sales.

Because paper boxes, even in the knocked-down state, are relatively bulky in relation to their value, freight costs limit the markets in which a manufacturer can compete to an area within a radius of some 150 to 200 miles of his plant. This accounts, in part, for the fact that there are so many companies active in the container business. Stone Container Corporation operates in areas where competition is most severe because the market is the most attractive. The company's principal container plant is in Chicago, another is located in Philadelphia, and the third, opened last year, is in Mansfield, Ohio, where it serves the huge industrial communities of northern and central Ohio.

In order to compete successfully for volume business the company has erected modern plants, installed mass production machinery, and provided extensive services to clients. The Chicago plant, originally 153,000 square feet when erected in 1939, and expanded by 50,000 square feet in 1949, was designed specifically for the production of corrugated containers.

In addition to making corrugated boxes, Stone Container designs boxes and "shock pad" inserts to protect the customer's product in shipment, designs and produces attractive imprints, demonstrates how paperboard containers can reduce the customer's packaging costs, and keeps abreast of rules established by common carriers so that the customer can take advantage of the lowest freight rates.

Color Printing

Stone Container has been a leader in the use of color printing and helped in the development of metallic ink used to give the entire container a gilt, silver, or aluminum coating on which an imprint in another color can be overlaid.

In addition to box manufacturing plants, the company owns two paper mills in Ohio, and last September it purchased a half interest in a paper mill in Mobile, Ala. Mobilization on a large scale, with shipments of military goods overseas, is expected to cause a shortage of paper for domestic uses because the V boxes used in overseas shipment may use five times as much paper as ordinary boxes. Stone Container is beginning production on the V type box they made in the last war.

Much of the growth of the company has occurred in the last several years. The two Ohio paper mills, one in Franklin and the other in Coshocton, were purchased in 1946,

the Mansfield, Ohio, box plant was built last year. An addition to the Philadelphia plant was completed in 1950, raw materials storage facilities were increased at the Franklin, O., board mill, and a new power plant was completed at the Coshocton plant. Comparatively recent additions to the Chicago plant's facilities include an aniline-rotogravure press, other printing and material handling equipment and a large corrugated paper board machine.

Stone Container Corporation will celebrate its twenty-fifth anniversary in September of this year, and the company probably is unique in that its three top executives, who have been with the company almost since its inception and are largely responsible for its growth, are youthful as corporation executives go. The president and chairman of the board, Norman H. Stone, is 49. Marvin N. Stone, vice president and treasurer, is 42, and J. H. Stone, vice president and secretary, is 37.

The Stones are sons of James H. Stone who founded the business in 1926 in a 2,000 square foot, third floor office on Chicago's near West side, with capital of less than $2,000. The original business was jobbing wrapping paper, gummed tape, and other shipping supplies. Norman Stone, then a paper salesman, joined his father soon after the business was started, and a short time later Marvin joined. Jerome began working with the new firm in 1929 while he was still in high school.

Plant Expansion

Despite the depression, the business grew and in 1933 a box-making machine was acquired. In 1935, a corrugating machine for making paperboard was added, and in 1936 the company installed printing equipment. When the new plant was completed in 1939, various new machines and pieces of equipment were installed, including slotters, presses, automatic taping machines, etc. The company, then known as J. H. Stone and Sons, was ready for the large scale manufacture of shipping containers. The first venture outside the Chicago area came in 1943, with the purchase of the Light Corrugated Box Company of Philadelphia. The company was incorporated in 1945 as a wholly owned subsidiary of the parent company.

A noteworthy feature of Stone Container's record is the fact that only once has the company sought public financing, although it has used bank loans from time to time. The public financing occurred in March, 1947, when 250,000 shares of common stock were sold, of which 100,000 shares were for the account of the company while 150,000 represented Stone family holdings. The company used its proceeds and other funds to retire a $725,000 bank loan and $493,000 of debentures.

Capitalization now consists solely of 900,000 shares of $1 par value common stock, of which 700,000 shares are issued and outstanding. Members of the Stone family own 450,000 shares, or 64.29 per cent of the outstanding stock. The stock is listed on the Midwest Stock Exchange.

The sharp competition in the container industry was reflected in a drop of 2.76 per cent in Stone Container Corporation's sales for 1949 despite an increase of 8.26 per cent in unit shipments. Earnings for 1949 amounted to $1,137,513, or

$1.625 a share, as compared with $1,135,900, or $1.623 a share, for 1948.

Net earnings for the first nine months of 1950 were reported at $909,387, or $1.30 a share, against $842,881, or $1.20 a share, for the like period of 1949. Most of the improvement came in the third quarter, when net earnings were $403,112, or 58 cents a share.

Stone Container Corporation made its initial dividend payment in 1947 and distributed 80 cents a share that year. Similar payments were made in 1948, 1949 and 1950.

Following is a comparison of net sales, net income, and earnings per share, for the years 1937 to 1949, inclusive:

	Net Sales	Net Income	*Per Share
1949	$11,356,902	$1,137,513	$1.63
1948	11,678,696	1,135,900	1.62
1947	13,617,275	2,040,126	2.91
1946	9,832,740	1,321,282	2.20
1945	7,771,877	389,833	0.65
1944	7,195,616	458,674	0.76
1943	4,847,787	283,315	0.47
1942	3,456,294	195,992	0.33
1941	3,930,936	335,038	0.56
1940	2,047,583	133,785	0.22
1939	1,440,139	101,130	0.17
1938	1,023,829	92,183	0.15
1937	1,082,879	104,634	0.17

* Based on the following shares: 1947-1949, 700,000 shares; 1937-1946, 600,000 shares.

Coming: Further Materials Controls

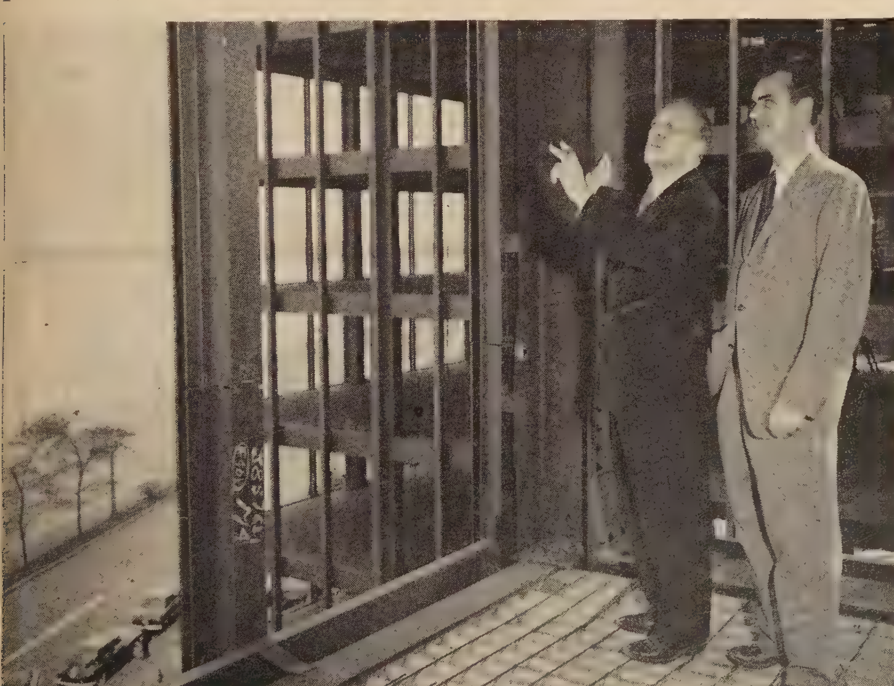
(Continued from page 14)

essential buildings such as amusement halls, bars, gambling houses, shooting galleries, and the like. Another type is the aluminum order, making cutbacks across the board.

In connection with these conservation orders, incidentally, NPA is seeking to insure that maintenance and repair are not neglected. Each of the orders issued so far which cut back use of a metal have carried a provision permitting use of 100 per cent of the amount consumed in maintenance and repair during a base period.

"We recognize the complete essentiality of maintenance and repair," says an NPA official. He adds that NPA is also aware of the danger of reducing companies below the break-even point. So far, NPA claims it has had no major reaction from its orders on this point. What complaints have been received appear capable of being worked out by substitution of some other material for the scarce product, or by turning to the manufacture of another article.

The agency is, however, studying the scarce metals field with a view to tightening up in other ways. It might, for example, impose an order on top of the aluminum cutback forbidding the manufacture of certain articles, regardless of how



(United States Steel Corp.)

LOOK, NO MASONRY! All steel/glass apartment under construction at 860 Lake Shore Dr., Chicago, uses no masonry ornamentation, instead steel facing panels.

much aluminum the maker is legally entitled to. For instance, should it be necessary to continue making aluminum ash trays? Could not glass serve the purpose?

One point connected with CMP is important for manufacturers to note – and that is the paper work which the government will require. Under the "DO" system business concerns need keep only their regular, normal operating business records. But to operate CMP a great deal more detailed information is required before NPA, working with the affected industries, can schedule production.

Basically the information needed is the same as that asked for in the recent Census of Manufactures. It calls for data on such things as employment and man-hours, products shipped, unfilled rated orders, inventories, and the use of critical materials. NPA is now distributing the forms, which may be obtained by writing the agency in Washington.

"Claimant Agencies"

There are 19 different claimant agencies which, under the Defense Production Act, are entitled to present requirements to Secretary of Commerce Charles Sawyer, the super boss of NPA.

They are: Agriculture, Interior, DTA, the Defense Department, the Army (for civilian construction projects such as flood control and dams), ECA, Commerce's Office of International Trade, the Atomic Energy Commission, the Maritime Commission, the Civil Aeronautics Board, the Civil Aeronautics Administration, the Public Roads Administration, the Federal Communications Commission, the National Advisory Committee on Aeronautics, the Federal Security Agency (for school and hospital construction), the Veterans' Administration (for veterans' hospitals), the Housing and Home Finance Agency, the General Services Administration, and NPA itself.

Eighteen of these claimants present the requirements of government agencies. The 19th—NPA—acts "with respect to the needs of all industries and business." You have to get down to the bottom of the list before you find the words that mean: "That's you, brother."

INDUSTRIAL DEVELOPMENTS

IN THE CHICAGO AREA

INVESTMENTS in new construction, expansion of existing plants and purchase of land and buildings for industrial purposes totalled $20,192,000 in December, bringing the total for 1950 to $325,347,000. These figures compare with $6,763,000 in December, 1949, and $102,777,000 for the year.

Acme Steel Company, which operates plants in Chicago and Riverdale, Ill., is constructing an addition to its Riverdale plant galvanizing facilities for producing galvanized strip used in packaging for shipping overseas.

Linde Air Products Company, a unit of Union Carbide and Carbon Corporation, has started construction of an expansion of its oxygen producing plant in East Chicago.

Teletype Corporation has purchased the 115,000 square foot building of Lighthouse Trailer Company at Touhy Avenue and the Chicago, Milwaukee, St. Paul and Pacific Railroad right-of-way.

Pioneer Paper Stock Company, 448 W. Ohio street, subsidiary of Container Corporation of America, has purchased a 200,000 square foot site at 2600 North Elston avenue on which it will construct a plant. Morton L. Pereira and Associates, architects.

Abbott Laboratories, North Chicago, pharmaceutical manufacturer, is constructing a two and part three-story building. Carroll Construction Company, general contractor.

U. S. Atomic Energy Commission will construct a number of technical buildings at the Argonne National Laboratory in DuPage county.

Darling and Company, 4201 S. Ashland avenue, has purchased approximately 240,000 square feet of land near 47th and Packers avenue in the Union Stock Yards on which the company will construct a plant. The company produces glue, tallow and fertilizers.

Charles E. Johnson Company, Inc., 1130 W. Wisconsin street, manufacturer of printing inks, is constructing an 18,000 square foot building at 5005 S. Mason avenue in Stickney township. The structure is being built for the company by the Clearing Industrial District.

Barber Greene Company, Aurora, will construct a building 465 feet in length by 80 feet in width to the group of structures on its premises. The company manufactures paving and earth-moving equipment. Johnson and Johnson, architect.

Lighthouse Trailer Company, which sold its plant at 5700 W. Touhy avenue in Niles to Teletype Corporation of America, has purchased property adjacent to the former site on which it is constructing a 50,000 square foot building. Klefstad Engineering Company, general contractor.

Tempel Manufacturing Company, 1939 W. Bryn Mawr, is constructing an addition to its plant. The company makes electrical laminations. Shaw Metz and Dolio, architects; Campbell Lowrie and Lautermilch Corporation, general contractor.

Milford Rivet and Machine Company, Milford, Conn., is adding a 50,000 square foot plant at 801 Illinois avenue in Aurora. The company makes all types, shapes and sizes of rivets and screw fasteners, as well as screw machine products and stampings.

Guardite Corporation, 9535 S. Cottage Grove avenue, is adding about 20,000 square feet to its plant where it makes food product steril-

izers. Algot B. Larson, Inc., general contractor.

Dryden Rubber Company, 1100 S. Kildare avenue, is expanding one of the units of its plant which produces automotive rubber products. John Griffiths and Sons, general contractor.

Anchor Coupling Company, 342 N. Fourth street, Libertyville, is constructing a one-story, 15,000 square foot, brick, steel and concrete addition to its plant. Bouchard and Dodge, architects.

Chicago Metal Manufacturing Company, 3724 S. Rockwell avenue, is constructing an addition of 40,000 square feet to its plant.

Chicago Aerial Survey Company, 332 S. Michigan avenue, is having a plant constructed in the Clearing Industrial District in Melrose Park. The company makes aerial photographic equipment.

Green Duck Metal Stamping Company, 1800 W. Roscoe street, manufacturer of stampings and metal advertising specialties, has purchased the one-story plant of the Etching Company of America at 1512-32 W. Montana street. The building contains approximately 30,000 square feet.

Cromwell Paper Company, 4801 S. Whipple street, is constructing a new building at 3060 W. 48th place. The building, which contains approximately 25,000 square feet, is being designed by A. Epstein and Sons and constructed by Heidel and Beck.

Burgess-Norton Manufacturing Company, Geneva, Ill., is constructing an addition to its plant. The company manufactures automobile parts.

Acra Industrial Electric Company, 3001 N. Ravenswood avenue, is having a building constructed in Franklin Park. The structure will be of steel, concrete and brick containing 6,600 square feet. The company makes electric heating elements.

Muehlstein Realty Company, Inc., has purchased the 40,000 square foot building at 4237 W. District boulevard in the Central Manufacturing District.

Crosse and Blackwell Company, Baltimore, Md., canners and processors of fine foods, have acquired an acre of land at the corner of Fullerton avenue and Wood street. A one-story warehouse of 15,000 square feet will be constructed on this site immediately. William H. Hart Company, broker.

Steel: The Outlook For 1951

(Continued from page 24)

established recently calls for 30,354 tons over the first quarter. This is for 12 vessels including nine ore carriers, one limestone carrier and two car ferries. Part of the 70,000 tons for these vessels was shipped in the fourth quarter and the remainder will be allocated for the second quarter of 1951. Orders were placed with 15 mills for monthly shipments aggregating 7,424 tons of plates, 2,046 tons of shapes, 630 tons of bars and 18 tons of hot rolled sheets. The total is 10,118 tons per month. The carriers will provide transportation for 7,000,000 tons of ore annually.

Three Interior Department programs for petroleum, mining and power generation are under consideration. The petroleum industry wants nearly 12,000,000 tons for its program in 1951. This includes more than 1,500,000 tons of plates, nearly 1,500,000 tons of sheets and 7,400,000 tons of tubular goods. During 1950 the petroleum industry got about 10,000,000 tons of steel. Size of the petroleum program throws a fright into steel producers and other industries which eventually may require allocation programs. Requirements for expansion and maintenance, repair and operating supplies of the mining and power generating programs are not as clearly drawn as for petroleum but would constitute a substantial drain on steel supply.

In final stages of consideration is a program for diesel locomotives which would require perhaps 70,000 tons of steel per month starting in the second quarter. Another active program is for Canadian freight cars. If approved, it would earmark 8,000 tons a month beginning in the second quarter. Some

other programs, notably agriculture, motor trucks, barge lines, etc., have not advanced far, but they could move fast in an emergency.

The warehouse order M-6 must be regarded as an allocation program. This, NPA's chief instrument to insure steel supplies for small business firms, became effective early in November. It requires steel producers to allot to warehouses proportionate percentages of each steel product based on average monthly shipments to warehouses during the first 9 months of 1950. This means warehouses will receive about 17 per cent of the steel which mills have available for civilian use. Such allotments will be in addition to shipments made to the warehouses to cover their defense rated orders. How long the warehouse program can be made to work remains a question. The tonnage to warehouses will diminish month by month as defense and rated tonnage on mill books increases.

An order of NPA also provides allotments of steel by mills to non-integrated steel producers — steel pipe producers, for example. The plan operates similarly to that for warehouses.

Steel Worries

NPA wants to avert, if possible, a situation in which a major portion of total steel output will be locked up by priorities and allocations. However, this situation can't be held off for long if all-out rearmament is undertaken.

Steel plates are the No. 1 worry. Some consumers claim mills have cut them off altogether, others say they have been cut 40 to 50 per cent. NPA believed the situation could be remedied by stepping up production of plates to 600,000 tons or more monthly by Jan. 1. It was hoped this could be done by independent action, if not, the agency is prepared to issue a directive.

During the first eight months of 1950, net plate shipments averaged 430,310 tons per month. In 1948, under stimulus of the freight car program of that year, net plate shipments averaged 583,350 tons a month, and in that year steel ingot production was at a lower rate than in 1950. The goal of NPA, therefore, is to up the plate production rate to the 1948 level. It is believed much can be done toward reaching this objective by carefully allocating tonnage so that mills can roll continuously without losing time for roll changes and other interruptions.

Meanwhile, NPA continues to study the sheet supply-demand situation closely. An increase in plate production probably would bring about a decrease in sheet output.

Aside from the plate situation, the supply-demand outlook is in fair balance for at least the first quarter and perhaps the first half of 1951. Until the recent turn of events in Korea, it seemed a good bet that no civilian uses of carbon steel would be ordered curtailed in first half. Now such limitations seem a certainty. How much and how soon can only be guessed.

Prior to the Korean reverses, government economists estimated credit controls would cut civilian goods demand at least five per cent in the first half 1951. Contributing also to an easier outlook for steel supply and demand wise was the surprise discovery by NPA that

defense needs would be smaller in the second quarter than in first. As of mid-November, on the basis of everything in sight, DO and rated defense steel for military purposes would come to about 1,500,000 tons in the first quarter, or about half of the estimate. The picture changed virtually overnight.

In the rearmament frenzy, manufacturers of civilian goods fear that limitation orders on use of steel will be imposed before contracts for making war good are available. Such a situation would create considerable unemployment and loss of productive time.

Full Capacity

Present steelmaking capacity of the United States is 100,500,000 ingot tons and it has been operated close to full capacity all year to meet the demand for steel products. Since 1944 ingot capacity has increased 10,500,000 tons. More capacity is now building and will be turning out steel as rapidly as it is completed. By end of 1952 capacity will be at least 110,000,000 tons and this surely will be no stopping place if steel demand warrants additional capacity.

In contemplating steel capacities, production, operating rates, and the like, one is jolted by the losses occurring from strikes. Strikes have cost this country 29,000,000 tons of steel ingots since V-J Day! That amount of steel would go a long way toward offsetting today's shortages. Such losses can't be made up when operations are at full capacity. It is of interest, too, that the snow storm which submerged Pittsburgh, Cleveland and Youngstown, the last week in November caused a loss of production of 450,000 tons of ingots.

A year ago December an average $4 increase in steel prices was in some quarters considered scandalous and provoked a congressional investigation. Just one year later, another boost averaging $5.50 a ton created scarcely a ripple. Today, availability of steel is paramount to price. Most observers had expected an increase of approximately $10 a ton. The $5.50 increase — 3/10 of a cent a pound—just about covered the wage increase averaging 16 cents an hour. Steelmakers chose to absorb raw materials increases of about $4 per ton.

TRANSPORTATION and TRAFFIC

☆

THE Senate on December 6, by a voice vote, passed and sent to the White House H. R. 5967, the so-called freight forwarder legislation. The bill will accord the status of common carriers to the freight forwarders, and will permit them to enter into contracts with carriers for transportation service, providing that their contracts with motor common carriers for truckload movements of 450 miles or more do not allow payment of charges lower than the lawful tariff rates. The House passed the measure on August 9, by a voice vote, after defeating a motion to recommit the bill to the House Interstate and Foreign Commerce Committee.

Eastern Railroads File Petition For Four Per Cent Rate Boost: The Eastern railroads, on December 1, filed a petition with the Interstate Commerce Commission requesting authority to increase freight rates and charges by four per cent, except on coal on which an increase of 12 cents per net ton or 13 cents per gross ton is proposed. The carriers ask that the increase be made in rates on all traffic from, to, within or via Official Territory. The proposed increase is estimated to produce approximately $141,000,000 annually, which, the carriers contend, is necessary to meet rising costs of fuel, material and labor. If authorized on or before January 1, 1951, the increase would result in Eastern District railroads having an estimated $429,000,000 net operating income for 1951, which would represent a return of 3.8 per cent on investment, the petition states.

I.C.C. Denies P.I.E. Permission to Buy Keeshin Lines: The Interstate Commerce Commission has refused to permit Pacific Intermountain Express Company to purchase Keeshin Freight Lines. The Keeshin Lines have been in the process of reorganization since 1946 and early in 1950 the federal district court approved P.I.E.'s $1,940,000 cash bid for acquisition of the system. Commission approval of the purchase would have given P.I.E. a 25,000 mile coast-to-coast motor freight net work. In denying the merger of Keeshin and P.I.E., the commission stated that its obligation was to preserve all forms of national transportation and that the proposed plan would undoubtedly divert a large amount of freight from railroads with the result that these carriers would have to reduce their service and further increase freight rates.

Illinois Rate Increase Hearing Postponed to January 9: On the request of the railroads, the Illinois Commerce Commission has postponed the hearing on proposed increases in Illinois intrastate freight rates, to January 9, 1951. The approximate eight per cent increase on all classification rated traffic and on less-carload and any-quantity exception rated traffic was to have become effective June 19, 1950, and would have raised freight rates in Illinois to the basis applicable on interstate traffic in Official Territory. The tariffs were suspended by the Illinois Commission on the request of the Chicago Association of Commerce and Industry. The C. A. C. I.'s petition pointed out that the increase would result in a relatively higher scale of rates within Illinois than would be applicable on interstate traffic from and to the states adjoining Illinois on the west and north and on intrastate traffic within Iowa and Wisconsin.

I.C.C. Restricts Use of Refrigerator Cars: The Interstate Commerce Commission, through its Service Order No. 869, prohibits the use of refrigerator cars for the transportation of other than perishable freight as described in Item 1130 of Agent

J. J. Quinn's Perishable Protective Tariff No. 15. Exceptions are (1) Certain cars destined to West Coast points; (2) Certain movements of railroad freight house merchandise; (3) Empty beer containers; (4) Certain cars to points in Mexico; (5) Fruit and vegetable containers and box shooks from Washington, Oregon and California to points in California and between origin and destination points wholly within the state of Washington; and (6) Popcorn. The order was issued because of a diminishing supply of refrigerator cars and became effective at 11:59 P. M., December 14.

Let's Save Five Billion Dollars

(Continued from page 22)

committee has found that unification has produced a number of tangible results:

Over 400 physicians were dispatched to Korea when the fighting broke out. Their immediate availability was directly attributable to unification, which began consolidating army, navy and air force medical services a year and a half ago. Without this move, the recruitment of so many physicians would have seriously strained domestic medical facilities.

When fighting broke out in Korea, the air force had available in strategic locations an added $28,000,000 worth of aviation gas that had been squeezed out of wasteful overhead by a "management committee" created under the unification act.

The army and air force has adopted an "incentive" method, long in use by the navy, for the issuance of uniforms and equipment. Under the system, army and air force enlisted personnel now receive a definite allowance for their equipment and receive a bonus for staying under it. This knocks down the cost per man per year from $276 to $115, which in terms of the 1950-sized armed forces represents a total savings of over $150,000,000 a year.

More than 10,000 armed service job classifications used in World War II, many covering identical tasks, are being cut to 3,000.

Simplification of review procedures applying to certain reports has saved 1,259,488 manhours of work a year.

Unified procurement has, for example, cut the cost of certain electronic devices used in quantity by all three services from $3,800 to $2,800 per unit. By unified cataloging of procurement items, 5,000,000 listings formerly contained in 17 separate cataloging systems have been halved! Some 5,000 listings for wrenches have been cut to 330!

Red tape and duplication of effort have probably been no worse in the armed services than in other branches of the government, and the Hoover program has taken a bead on both evils wherever they have been found.

As the result of the investigation and subsequent legislation, a new General Services Agency, combining four former agencies, is beginning to put government purchasing, records management and other "housekeeping" functions on a businesslike basis.

GSA Administrator Jess Larson told a House committee that he found one agency with a 93-year supply of fluorescent bulbs and enough loose-leaf binders for 247 years. The Hoover commission discovered that paper work on the average government purchase costs more than $10, yet half of its 3,000,000 purchases each year are for items costing $10 or less. Thus, a 50-cent typewriter ribbon frequently wound up costing the government $10.50!

Another efficiency move has been the adoption of a performance-type budget that indicates not only how much is to be spent, but also for what. The new budget, together with a revised accounting system, is expected to save $20,000,000 a year and release thousands of federal employes from duplicative tasks.

For decades the federal budget has been a jumble of indigestible figures. Nowhere in its 1,500 closely-printed pages did it explain precisely the uses for many federal appropriations. It showed, for example, how much the Navy spent

for bandages, but not how much it cost to operate Bethesda Naval Hospital.

Government accounting used to be in a similar snarl. The Hoover commission disclosed that Uncle Sam kept seven sets of books, whose totals disagreed more often than not. Another cumbersome procedure required that vouchers for government purchases anywhere in the country be shipped to Washington for individual scrutiny.

The Hoover report was greatly implemented by passage of the Reorganization Act of 1949, empowering the President to submit agency reorganization plans subject to Congressional approval. Under this act 26 plans reshaping the jumble of boards, bureaus and agencies in the executive branch have been approved. The Maritime Commission, criticized as one of the most cumbersome and wasteful of agencies, has been abolished and its functions assumed by the Commerce Department.

Committee Creation

These accomplishments are, in no small part, a testimony to the diligent work of the Citizen's Committees and other organizations which have carried the campaign for federal economy well into the grass roots. The idea for an independent citizen's organization to hammer home the importance of the Hoover recommendations to every taxpayer was conceived by Mr. Hoover, himself, even before his commission had finished its survey. Financial support for national, state and local Citizen's Committees has come largely from business corporations, but there have been thousands of $1 and $5 contributions. The Hoover commission finished its two-year government reorganization study in April, 1949, and in the same month the national Citizen's Committee was organized.

The Citizen's Committee has conducted a vast educational program in behalf of the Hoover program. Some 4,500 daily and weekly newspapers receive a constant flow of news stories, editorials, cartoons, features and special advertisements. Dramatic sketches, speeches, news broadcasts and spot announcements have reached uncounted millions via radio and television. Over 150 prints of the committee's two motion pictures, entitled "What Price Government?" and "Waste in Government", are in constant use before civic, church, labor, business, professional, women's, educational and other groups. Some 1,500,000 persons will see the films this year.

In addition, virtually every weekly and monthly magazine has, in the past two years, carried articles on the Hoover report, and in one year 50,000 speeches were made on the subject. A 90-day touring display, called the "Cracker Barrel Caravan" and designed to merchandise the Hoover report at the grass-roots, visited 77 communities in seven states last Summer. Special short courses for high schools and group study materials on the report have been prepared and distributed throughout the country. The committee's "Employe Information Series" has been running for close to a year in the company publications of 700 leading firms.

Targets of the committee's current drive — personnel, federal hospital system, natural resources, Post Office, Veteran's Administration, Agriculture Department, and federal business enterprises — represent an ambitious program for enactment this year. The chances for success are enhanced, however, by the fact that average Americans endorse the Hoover report approximately 25 to 1, according to a Gallup Poll.

To a nation of taxpayers which may be burdened with a $60 billion plus budget this year, savings of a few billion as a result of the Hoover program may not loom large. But, as Commission Chairman Johnson points out, potential savings may, in view of the war emergency, be far greater than originally anticipated — in terms of money, manpower and even lives.

"We cannot support the burden of the world on one shoulder and the burdens of waste on the other," he declares. "We cannot stand before the world as a symbol of freedom if we cannot manage our own affairs. We need, as never before, a strong effective government to meet the onslaught of the enemies of freedom — from within and beyond our shores."

If the Citizen's Committee has its way, that goal may be realized before the year 1951 goes into history.

New Products

Unique RR Car Mover

An ingenious, light-weight vehicle capable of hauling, spotting and switching railway cars more economically than ever before has come out of the research division of Whiting Corporation, Harvey, Ill. Called the "Trackmobile," the vehicle runs either on ground or on rails and can hydraulically switch from one to another set of wheels in a mere 30 seconds. The three-ton Trackmobile's ability to switch cars results from the centering of part of the railway car's weight on a hydraulic jack within the Trackmobile itself. With this greatly accelerated adhesive force, the Trackmobile can develop a maximum draw-bar pull of 7,350 pounds. With four standard steel wheels for track travel and four rubber-tired wheels for ground travel, the Trackmobile may well revolutionize yard and in-plant methods of railway car handling.

Car Finish Sealer

A liquid sealer which is said to provide clear, long-wearing surface protection for automobile body finish, chrome work and interior trim has been introduced by Phillips Products, 343 S. Dearborn Street, Chicago. Called "Aurillium," the sealer can be mist-sprayed on an auto in less than half an hour and hardens in 40 minutes. It is said to contain no wax, plastics or alkali.

Hammer Knife Mower

Mead Specialities Company, 4114 N. Knox Ave., Chicago 41, has developed a knife mower attachment for its "Might Mouse" tractor which cuts, shreds and spreads heavy grass or brush. It utilizes hinged knives whirling with centrifugal force from a center shaft to provide long cutting life, even when used where rocks and rubbish are encountered.

Two-Tone Industrial Glasses

Two-tone fused lenses which simultaneously admit and cut out light of different colors so that steel workers and welders can look safely into a blinding glare have been developed by the American Optical Company, Southbridge, Mass. Each half of the fused lenses possesses different light selecting properties. In one, for example, made for open hearth furnace operators, the blue glass removes yellow flare from fluxes yet transmits extreme red and blue colors so temperature changes can be noted. The white portion gives the worker necessary normal visibility.

"Glass" Pipe

The United States Plywood Corp., New York 18, N. Y., has developed a glass-fiber tube and pipe material which it believes will serve as a wartime replacement for steel and other critical metals in many commercial applications. Called "Glasweld," the product is a laminated tubing in which glass fibers, in cloth, mat or tape form, are bonded with resins to develop a tube said to be impervious to extreme heat, chemical action and sledgehammer blows. It is available as piping in the oil and chemical processing industry and as tubing for the building, electrical and allied fields.

Bathtub Hydro-therapy

A portable hydro-therapy device which fits into the average bathtub to produce an effect similar to that created by the expensive "whirlpool" apparatus used in hospitals — at much less expense — has been developed by A-B-A Unit Manufacturing Company, Los Angeles 28, Calif. The idea for the unit was picked up by an American businessman in Germany. Costing about one-twentieth of present hydrotherapy devices, the new unit is said to be effective in treating such diseases as arthritis, rheumatic illnesses, neurasthenia and insomnia.

New Trailer Axle

American Steel Foundries, 410 N. Michigan Avenue, Chicago, has introduced a self-sprung, towed-trailer axle unit which it believes will provide substantial savings in commercial and house trailer manufacturing. It consists of two helical torsion-springs around a forged steel axle member with offset wheel spindles and two bearing brackets for trailer body support. To the non-initiated, this means that leaf springs, shackles, snubbers, U-bolts and other spring-axle assembly components which are normally used can be eliminated, because the design permits the use of conventional wheel, hub and brake units in trailers.

Leather Coating

You can make leather and leatherette goods last 50 per cent longer, says the M. B. Duffy Company, 1141 W. 69th Street, Chicago, by applying a coat of the company's new flexible leather coating, called "Ramcote." The product produces a tough, plastic film over real or artificial leather creating a surface said to be impervious to grease, alcohol, most common acids, food stains, mildew and alkalies.

Portable Plastic Bindery

The General Binding Corporation, 812 W. Belmont Avenue, Chicago, has introduced a portable plastic binding unit which costs less than an ordinary typewriter, yet will bind up to 250 catalogs, booklets, sales presentations and the like in an hour. A punching unit punches rectangular holes in the margin of the material while a binding unit follows up with plastic binding elements, available in an extensive range of colors, styles and sizes.

Fast Bending Machine

Up to 1,000 bends per hour on one-inch 16-gauge steel tubing are said to be possible on a new "Bend-Ex" Bender, manufactured by Paul Machine Tool and Die Works, 4600 S. Kedzie Avenue, Chicago 32. Adaptable to round, square and rectangular tubing as well as pipe, light angles, channels, and solid bars, the bender can be used by unskilled employes after only a few hours practice, according to the company. It is operated by air compression; hence, has no hydraulic parts, clutch, brake or motor to wear out.

Fluorescent Traffic Signs

Fluorescent traffic signs will soon be showing up, thanks to a new transformer, developed by Sola Electric Company, 4633 W. 16th Street, Chicago, which prevents voltage fluctuations from making such lights flicker or go out. The transfer converts voltages of from 95 to 130 to the uniform voltage

for which the lights are designed. The Plexiglas front of the sign carries the lettering. The signs are made by Elwood Wiles Company, Portland, Ore.

Interchangeable Welder

A new resistance welder which, at the change of control settings, can be adjusted for spot welding a variety of metals including aluminum, magnesium, stainless steel, Inconel, Monel, brass, and mild steel, has been developed by Sciaky Brothers, 4915 W. 67th Street, Chicago 38. The "three-phase" welder is designed for welding to army/navy specifications and is said to use up to 75 per cent less current than a single-phase welder. It is also capable of handling heavier thicknesses of aluminum such as aircraft components and primary structural members.

Here, There and Everywhere

(Continued from page 8)

free-lance and even amateur designers. The company has already purchased model ideas via the free lance route. One, from an Alabama advertising artist, is regarded as the "most promising" style in the company's new line.

• **Flying Tire Chains**—The St. Pierre Chain Corporation of Worcester, Mass., set some sort of a record last month when it flew a 65-ton emergency shipment of tire chains to snow-stricken Ohioans. The big load was carried in 10 cargo planes chartered from Flying Tiger Line, American Airlines and United Airlines. The shipment was completed within 96 hours after Ohio's record snowfall.

• **Quick Air Refueling** — A hydraulically-operated refueling pump that can do the work of eight electric pumps at twice their speed has been developed by the Air Material Command and the Nash Engineering Company of South Norwalk, Conn. A set of two of the new pumps will replace the 16 electrically-driven pumps normally found on tanker airplanes used for mid-air refueling. Since they will deliver almost twice as much fuel per minute as their 16 predecessors, they will halve the time required for dangerous air-to-air refueling.

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COMMERCE

February 1950—January 1951

(Departments appearing monthly and not indexed here are Industrial Developments in the Chicago Area; Trends in Finance and Business; Here, There and Everywhere; Statistics of Chicago Business; New Products and Transportation and Traffic. Miscellaneous brief items are not indexed.)

CONSTRUCTION

ECONOMIC

FINANCE

FOREIGN AFFAIRS AND TRADE

GOVERNMENT

LABOR AND MANAGEMENT

MERCHANDISING

MISCELLANEOUS

NATIONAL DEFENSE

PERSONNEL

RESEARCH AND TECHNOLOGY

EDITORIALS

CONTRIBUTORS

Trends In Finance and Business

(Continued from Page 10)

tising campaign that now costs the average brewer about $1.25 for every barrel of brew he sells.

Along with the astonishingly high sales total, the research firm turned up this added data: (1) intense competition is steadily pruning the ranks of brewers; in 1900 there were 1816 breweries producing 40,000,000 barrels, today 392 remain but they produce almost 89,000,000 barrels; (2) draught beer which accounted for 75 per cent of sales 16 years ago is rapidly losing out to packaged beer which last year accounted for 70 per cent of total sales; (3) despite its large output, the nation's brewers still have ample room for increased business; last year they used only 64 per cent of their total 132,000,000-barrel capacity.

« « » »

Life Firms Up Investments Half A Billion

New investments made by the nation's life insurance companies in the first half of 1950 increased by nearly $500,000,000 over those of the corresponding period of last year, according to the Institute of Life Insurance. The half-year total for 1950 was $4,695,000,000, compared with $4,211,000,000 last year.

Real estate mortgages made up the largest block of the new investments, a record $2,022,000,000 going to property owners in financing of this type in the six month period. This was 20 per cent more than in the first half of 1949 and brought the total holdings of mortgages to $14,149,000,000, a rise of $1,257,000,000 since the beginning of the year.

Rearmament—Its Coming Impact

(Continued from page 20)

ing hardest on consumer spending are most anti-inflationary — providing that exises and sales taxes are held out of wage-determining formulas, so that they do not strengthen the cost-push. It also makes a great difference how expenditures are measured. If suppliers are advancing early costs of munitions production out of increased bank loans, Treasury cash outgo will under-rate the inflationary force of rearmament. It will produce better accounting if tight money makes loans unavailable at banks and pushes suppliers into financing through federal agencies. Other-

Advertisers' Index

January, 1951

★

wise our budget standard should call for Treasury cash income to cover government outgo plus the growth of bank loans.

Really anti-inflationary monetary policy would focus on the *availability* rather than merely the *cost* of bank loans — aiming to leave banks free to make new loans only as old ones are repaid. This calls for reducing the amount of excess reserves and somehow blocking the channels by which banks replenish reserves through reducing their holdings of government securities. Ways to do this are known; and if we want any margin of safety to keep clear of the ugly choice between full direct controls and inflation, we had better move fast in this direction.

Since there is reasonable hope that we can re-expand consumer supplies once we get over the rearmament hump, it is tempting to propose that we should set up our budgetary program to fit the eventual defense plateau (perhaps not being too particular as to the dates when new revenues will come in), and use *temporary* direct controls to keep inflation in check. But this tempting line of policy leads into a trap.

The catch is that when money incomes grow and consumable supplies shrink, the goods to match our dollars are not coming into the stores. Our "purchasing power" remains unaltered only so long as we don't try to use it in full. It is a dead giveaway that the advocates of price control as the immediate remedy for inflation are very casual about rationing — often don't mention it. Price control without rationing is a sure recipe for starting black markets; anybody who recommends price control alone shows that he does not know the score on inflation control.

Monetary Balance

To keep clear of this trap requires setting up budgetary policy and monetary policy with some reserve of strength to meet hump problems. One such reserve comes into play almost automatically: as the mobilization hump cuts into production of consumer durable goods and houses, credit contraction can generate a good deal of extra saving while previous buyers pay off their debts. Beyond this, we need to be in a position really to put banks under credit pressure.

On the tax side, we should aim to cover Treasury cash outgo with cash income not only year by year but quarter by quarter. Since outgo is somewhat difficult to forecast, this sounds hard. But it is not so hard as it sounds, on account of the fact that taxes are so easy to adjust downward! On the personal income tax, notably, our natural strategy is to enact the highest withholding rate apt to be needed, planning to abate this standard rate as much as we can from quarter to quarter. Annual rates can then be adjusted (as we are doing for 1950) to match the average of the quarterly rates.

In the face of uncertainty, common sense says to hedge our bets. On the military side, we cannot afford either to mobilize fully now or to remain longer in a position where full mobilization would take years. We can hedge bets by working into a position where full mobilization can be achieved in months instead of years, and where there is enough active strength to guarantee we can have the necessary months.

Standby Machinery

On the economic side, we can hedge our bets by preparing for the counterpart measures of full military mobilization — above all, setting up standby machinery for consumer rationing. Price-control machinery needs also to be readied; but since its effectiveness cannot last too long and depends on patriotic fervor, we should not err on the side of starting across-the-board price controls too soon. Monetary-fiscal controls need to be tightened sooner. Here we can prudently aim to be too soon rather than too late; the possibility of temporary easing of taxes and monetary restrictions gives a margin of safety.

A bet-hedging policy lacks glamor. It has its own pitfalls: if we simply split the difference between different suggested policies, we are apt to hit on a straddle-policy which will be unworkable whatever happens. But we cannot work our way through into a secure future by sheer muscle power. We have to use good sense as well. This means above all looking ahead, and finding policies which will give us the initiative whatever happens.

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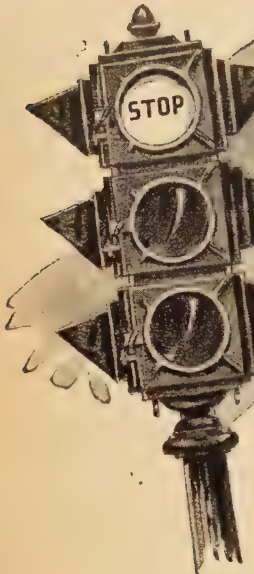


STOP ME-IF—

Uncle Zeke, the patriarch of a southern plantation, was inspecting an obstreperous young mule that was proving more troublesome than useful. Turning to his grandchildren, who had joined him to watch the fractious animal, he said: "Chillun, dat jackass should be a warnin' to you 'gainst de habit ob kickin'."

"What you' mean, grandpap?" rejoined the oldest of the group.

"Why," explained Uncle Zeke, "de better he does it de more unpopular he gits to be."

* * *

A golfing clergyman had been beaten badly by a parishioner thirty years his senior. He returned to the clubhouse rather disgruntled.

"Cheer up," his opponent said. "Remember, you win at the finish. You'll probably be burying me some day."

"Even then," said the preacher, "it will be your hole."

* * *

Marine: "I thought you said your girl's legs were without equal."

Soldier: "No, I said they were without parallel."

* * *

The patient told her doctor she was so worried that she had butterflies in her stomach.

"Take an aspirin," advised the doctor, "and the butterflies will go away."

Whereupon the lady moaned, "But I took an aspirin; and they're playing ping-pong with it."

* * *

A motorist and his wife hadn't spoken for miles. They'd got into a quarrel and neither would budge. Suddenly the man pointed at a mule in a pasture they were passing. "Relative of yours?" he asked.

"Yes," the wife replied, "by marriage."

* * *

A small boy looked critically at a department-store Santa in Portland, Oregon. The boy asked: "Are you really Santa Claus?"

"Ho, ho," answered Santa. "If I'm not really Santa, just why are you here?"

The small boy said: "Because I'm not taking any chances."

Mother: "Son, I hope your roommate at school doesn't swear?"

Son: "Judge for yourself, Mother. The other night he stubbed his toe in the dark and shouted, 'Oh, the perversity of inanimate objects.'"

* * *

Testimonial: "Since taking your tablets regularly, I am another woman. Needless to say, my husband is delighted."

* * *

Wife to husband: "All right, I admit I like to spend money. But just name one other extravagance."

* * *

Never having worn a pair of shoes in her life, the mountaineer's feet were tough as leather. Her husband, stretched out on the cabin floor, watching her stir the stew in the fireplace, laboriously lifted a hand to remove his corncob. "Maw," he said, "best move yore foot. Thar's some live ashes under it."

She kept on stirring. "All right, Henry, which foot?"

* * *

Single girls aren't the only ones looking for a husband.

A country parson was preaching fervently against all the common sins — ranging from murder to crapshooting. A devout old woman sat in her pew, murmuring, "Amen, amen," at each prohibition. Then the parson started on the subject of snuff dipping. The pious old woman sat bolt upright and muttered to herself, "Now, he's stopped preachin' and took to meddlin'."

* * *

During a grouse hunt, two English sportsmen were potting birds from blinds situated close together.

Suddenly a red, indignant face showed up over the top of one blind, and its owner said angrily, "Curse you, sir, you almost hit my wife just now!"

"Did I?" asked the other, aghast. "I'm terribly sorry, really. Tell you what, you can have a shot at mine."

* * *

"I understand your wife is a finished soprano."

"No, not yet; but the neighbors almost got her last night."

* * *

An American businessman, visiting in Mexico, watched an Indian making pottery vases. He asked the price. "Twenty centavos each."

"And for 100?"

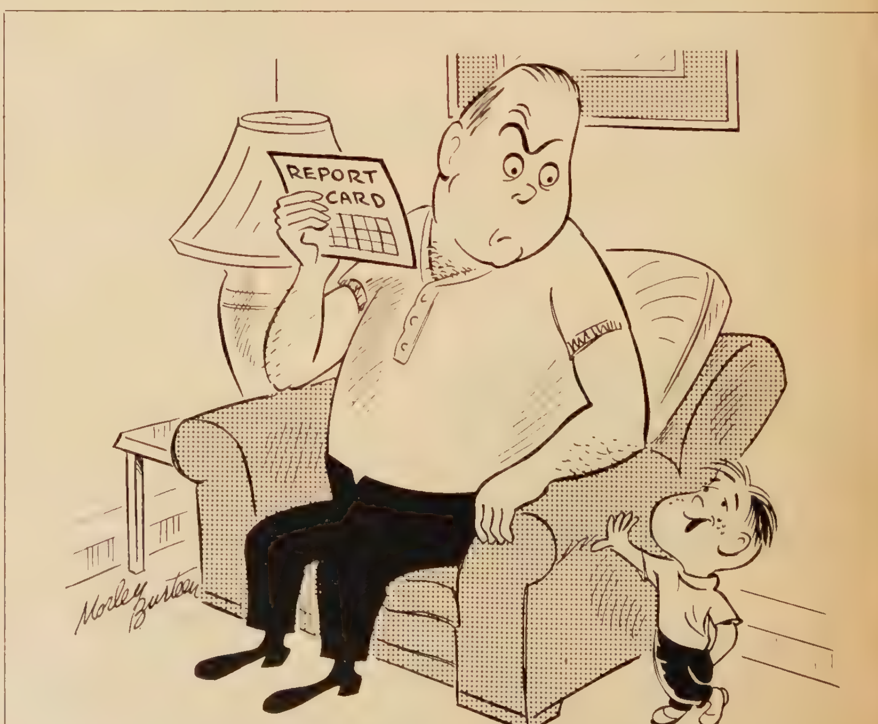
The native thought it over: "It would be 40 centavos each."

The American thought the Indian was making a mistake in price, so he tried again. "And if I bought 1,000 all alike?"

"All alike? A thousand? Well, senor, then they would cost one peso apiece."

"Impossible! You're crazy!"

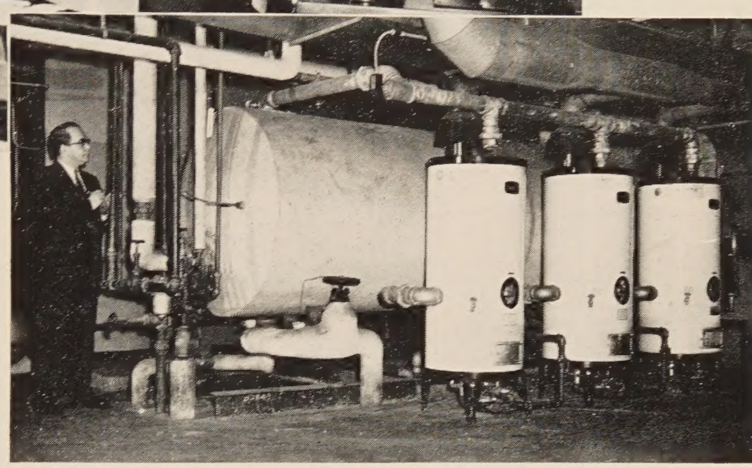
"It could be," replied the artisan calmly. "But I'd have to make so many, and all alike, and I wouldn't like that. You would have to pay me well for my work and my boredom."



"Before you start criticizing, Dad, remember all I want to be is a truck driver like you."

THE USE OF GAS IN BUSINESS

NO. 25 OF A SERIES



Main dining room of Chicago's newest Toffenetti restaurant, 65 W. Monroe Street.

Al. Bednash, Manager, checking temperatures on gas-fired water heating installation, consisting of three booster boilers with a capacity of 225 gallons each and a 750-gallon storage tank.

Dario L. Toffenetti, one of the city's leading restaurateurs, has seven establishments in Chicago and one in New York City. For a long time he has been glorifying the Idaho potato. Now, in addition to the potato, he is featuring the oyster, either on the half shell, fried, or in succulent stews.

The Toffenetti restaurants in Chicago serve approximately 12,500 meals each day. In the operation of a modern restaurant, hot water plays a very important part. To provide for the 20,000 gallons of hot water required daily in the new Monroe Street restaurant for sterilized dishwashing and other cleaning purposes, gas-fired equipment has been installed to assure fast, efficient and economical service.

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